



IOOF

WEALTHBUILDER

Example strategy 1

Planning for an early retirement income stream



Issue

- Consider the following case study:
Bill and Sue are both 45 and have a clear goal to retire when they turn 55.
- Retire pre their preservation age of 60.
 - Currently maximising their superannuation contributions caps through employer contributions.
 - Need to have the ability to withdraw funds on a monthly basis to give them a regular income stream to fund their lifestyle, from retirement to at least preservation age (60 years old).
 - Prefer not to access their superannuation until absolutely necessary.



Solution

- A solution for Bill and Sue could be to utilise an investment bond for an early income retirement stream.
- Start with an initial deposit of \$50,000.
 - Add a monthly contribution of \$5,000 per month to the investment bond (45 to 55 years).
 - Will always have 100% access to funds.
 - After 10 years of investing start a regular monthly withdrawal of \$5,000 (55 to 65 years).



Outcome

- After investing for 10 years in a growth orientated investment with a net return of 5%, Bill and Sue would have accumulated an amount of just under \$850,000.
- Bill and Sue have reached their goal and are now ready to retire.
 - They have the ability to withdraw funds on a monthly basis, giving them a regular tax-effective income stream to help fund their desired lifestyle.
 - Are now able to defer drawing down on their superannuation until about 65 years of age.
- After 10 years of investing, there is no personal tax liability on the earnings and growth that the funds have amassed.

Turn overleaf to discover the calculations behind this strategy utilising the IOOF **WealthBuilder** calculator, which can be found at www.ioof.com.au/calculators

After investing for 10 years, Bill and Sue can now retire early, with access to a regular tax-effective income stream to fund their lifestyle. Estimated to be \$60,000 pa for 10 years (55 to 65 years).

Investment details for Sue and Bill:

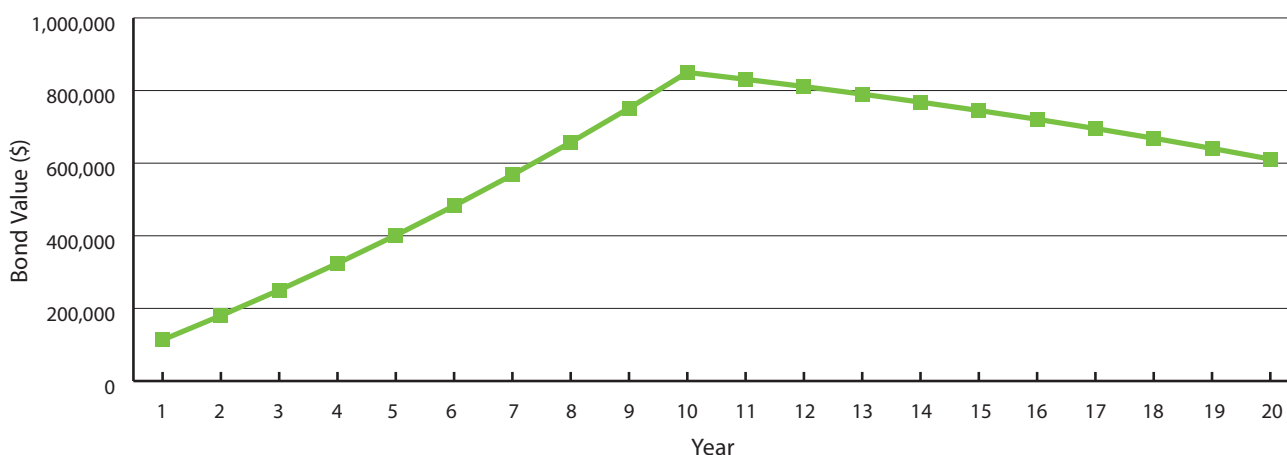
Initial Investment: \$50,000
 Monthly contributions: \$5,000
 Monthly withdrawals: \$5,000
 Net return: 5% (after fees and taxes)¹

Remember, after 10 years there will be no personal tax liability on the growth and earnings of the investment.

Projection to Year 20 (in future dollars):

Years	20
Contributions ²	\$646,360
Growth	\$564,839
Withdrawals	\$600,000
Value of bond	\$611,199
Tax free benefit after 20 years³	\$611,199

Year by year projections (in future dollars):



Year	Balance at start of year	Balance at end of year	Contributions	Withdrawals	Amount
Year 1	\$0	\$113,343	\$109,384	\$0	\$113,343
Year 2	\$113,343	\$180,148	\$59,664	\$0	\$180,148
Year 3	\$180,148	\$250,293	\$59,664	\$0	\$250,293
Year 4	\$250,293	\$323,945	\$59,664	\$0	\$323,945
Year 5	\$323,945	\$401,279	\$59,664	\$0	\$401,279
Year 6	\$401,279	\$482,481	\$59,664	\$0	\$482,481
Year 7	\$482,481	\$567,742	\$59,664	\$0	\$567,742
Year 8	\$567,742	\$657,267	\$59,664	\$0	\$657,267
Year 9	\$657,267	\$751,268	\$59,664	\$0	\$751,268
Year 10	\$751,268	\$849,968	\$59,664	\$0	\$849,968
Year 11	\$849,968	\$830,985	\$0	\$60,000	\$830,985
Year 12	\$830,985	\$811,053	\$0	\$60,000	\$811,053
Year 13	\$811,053	\$790,124	\$0	\$60,000	\$790,124
Year 14	\$790,124	\$768,148	\$0	\$60,000	\$768,148
Year 15	\$768,148	\$745,074	\$0	\$60,000	\$745,074
Year 16	\$745,074	\$720,846	\$0	\$60,000	\$720,846
Year 17	\$720,846	\$695,406	\$0	\$60,000	\$695,406
Year 18	\$695,406	\$668,695	\$0	\$60,000	\$668,695
Year 19	\$668,695	\$640,648	\$0	\$60,000	\$640,648
Year 20	\$640,648	\$611,199	\$0	\$60,000	\$611,199

For further information about IOOF WealthBuilder, please contact your financial adviser, call client services on 1800 002 217 or visit www.ioof.com.au/wealthbuilder to obtain a copy of the product disclosure statement.

- ¹ Net returns are dependent on a range of factors such as market conditions, fees, taxes and assets underlying the investment bond. Returns vary over time and are not guaranteed.
- ² Contributions shown are net of an estimated buy-sell spread.
- ³ The investment bond pays tax on earnings at a flat 30%. After ten years, withdrawals from the bond are tax-free to the owner, however before this time earnings on withdrawals may be taxed personally and earnings will continue to be taxed in the bond.

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