INVESTING FOR RETIREMENT

Building wealth inside and outside of super

INVESTSMART
LET'S MAKE WEALTH HAPPEN

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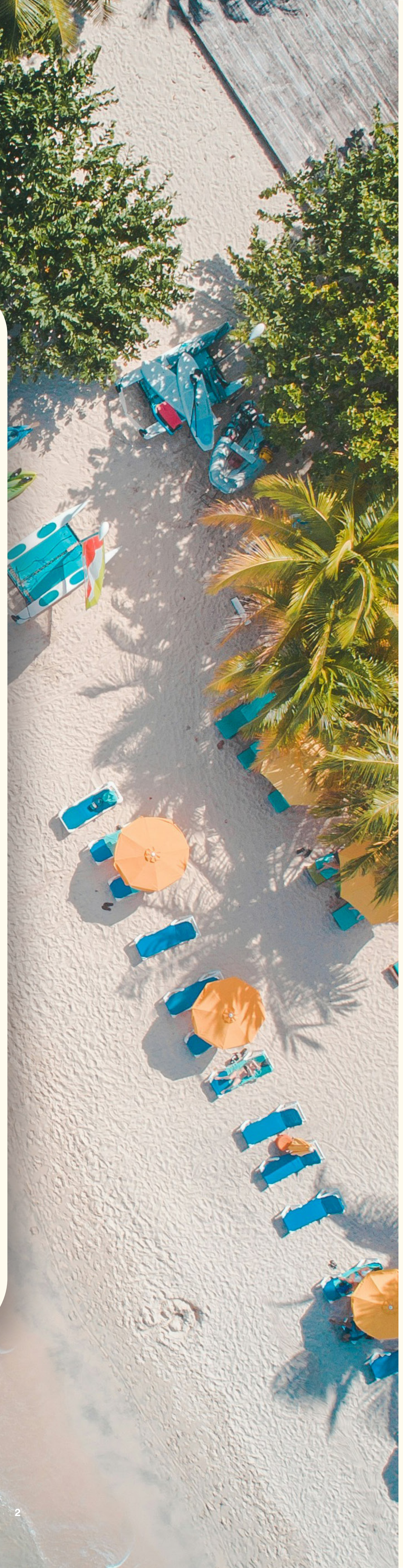

Retirement isn't just about stopping work – it's about enjoying the freedom to live life on your terms. Whether that means travel, hobbies or more time with loved ones, planning ahead is the key to shaping the retirement you want.

With longer lifespans and rising costs, more people are looking beyond the age pension and employer super contributions to build the wealth they'll need. And because the rules around superannuation can change, it makes sense to also consider other investments when planning your nest egg.

That's why we've created this guide – to help you think about the bigger picture: what kind of lifestyle you want, how much income you might need, and the smartest ways to grow your wealth over time. From superannuation (including SMSFs) to investments outside super, you'll find practical information to help shape your retirement lifestyle.

At InvestSMART, we also offer low-cost, diversified ETF portfolios. They're designed to help you build wealth over time – including for retirement – and can be used through an SMSF or outside of super.

Ranging from conservative to high growth, they've delivered annual returns of 4.1% to 9.1% since their launch to the end of August 2025, and have outperformed similar competitor funds by an average of 0.6% to 2.3% a year. Of course, past performance is not a guarantee of future returns.

We also give you the option to customise your portfolio. Designed for experienced investors wanting more control, InvestSMART Custom lets you select up to five ETFs from our curated list.

Whether retirement is still a decade away or just around the corner, I hope this guide gives you the clarity and confidence to make smart choices today that will pay off when you retire.

Ron Hodge
CEO

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About InvestSMART

InvestSMART is a low-cost digital investing platform that helps Aussies bring their financial goals to life. Whether you're building wealth for a comfortable retirement or saving for a home deposit, InvestSMART does the hard work for you.

We offer a variety of low-cost, readymade investment portfolios featuring a blended mix of ETFs selected by our investment experts for investors to choose from.

Retirement – not just your golden years, potentially your best years! No matter whether you're counting down the days or you're happy to work for as long as possible, retirement is a life stage worth planning for. Let's get started as we cover everything from building wealth through super to investing outside of super.

How much money do you need for retirement?

It's one of the questions we're most often asked – "How much money should I have for retirement?" There's no 'plain vanilla' answer. It all depends on you, your goals and your lifespan.

For much of our lives, we're busy forging a career, raising a family and simply living life to the full. But our 50s and 60s roll around surprisingly quickly. That's when the prospect of retiring becomes a reality.

No matter where you are on the road to retirement, it's a fair bet you're unsure about how much money you'll need.

While there is no one-size-fits-all answer, there are four key points to consider.

4 factors that can shape your ideal retirement savings

The age at which you retire

The earlier you plan to retire, the more you're likely to need in investments. Bear in mind though, the best-laid plans can go astray.

On average, Australians retire at age 64. However, more than one in 10 people are forced to retire far earlier (average age 57) due to ill health or injury.

It's a compelling reason to start growing your retirement wealth from an early stage.

Your retirement lifestyle

How much you need will be shaped by your planned lifestyle in retirement. Think about the everyday costs such as groceries, utilities, transport and then layer in the extras that matter to you. Do you picture yourself travelling overseas regularly, eating out often, or spoiling the grandkids? Or do you see a quieter lifestyle with simpler pleasures closer to home?

Another point to consider is that your spending habits will likely change as you get older. For example, the early to middle years of retirement are when your travel and recreation costs are likely to be highest. As you get older, those costs may ease, but medical bills, home maintenance and aged care needs can rise.

How and where your retirement nest egg is invested

Superannuation offers a low-tax environment to grow retirement wealth, but it isn't the only option.

If you're comfortable with more hands-on control, you may consider a self-managed super fund (SMSF). Investing outside of super, through shares, ETFs or property, can provide accessibility and flexibility that super doesn't allow until you reach preservation age.

The right mix comes down to your goals, your risk tolerance and the balance you want between growth and security. Diversifying across different types of investments can also help smooth returns and reduce the risk of relying too heavily on one income stream in retirement.

How long you live

Australians are living longer, healthier lives. There is a real possibility you could live into your 80s or 90s, or maybe even join the growing ranks of centenarians.

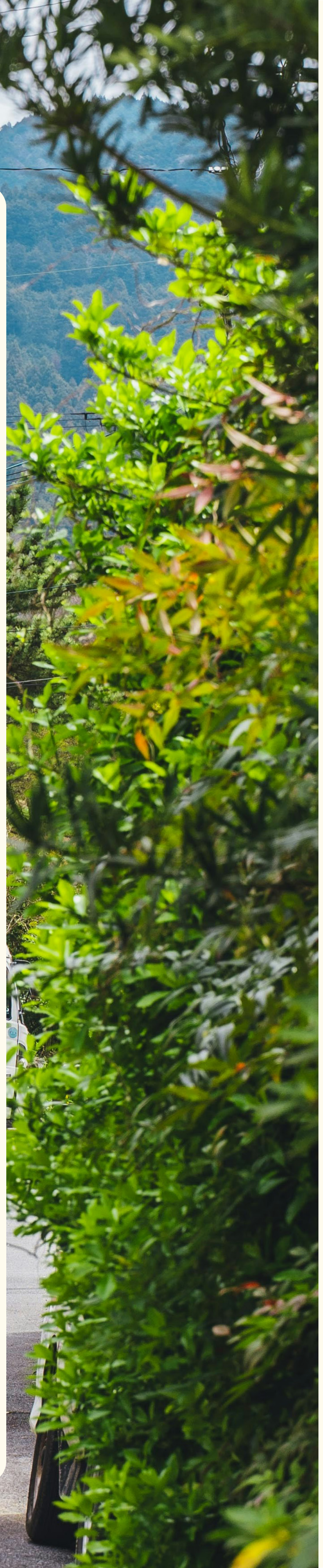
To put this in perspective, if you retire at age 60 and live to age 90, your retirement investments may need to fund 30 years of living – potentially one-third of your lifespan!

Add in the desire of many Australians to leave a legacy and the picture becomes even more complex. The key is to plan for a longer horizon than you might first expect, so you're not caught short in later years when there are fewer opportunities to return to work and rebuild savings.

Different paths to retirement wealth

There's more than one way to save for retirement. For most Aussies, traditional superannuation is the foundation – and it certainly has its perks. Some prefer the control of a self-managed super fund (SMSF), though it won't be right for everyone. There's also merit in looking beyond super to build your retirement nest egg.

In the pages ahead, we'll explore each approach in turn – superannuation, SMSFs and building wealth outside super – how they work, when they fit, what to weigh up, and the role they can play in shaping your retirement.



Superannuation

Mention retirement, and for most of us, super comes to mind. After all, it is purpose-built for retirement savings. The vast majority of working Australians – close to 80% of us – have some level of super savings.

For employees who benefit from their employer's 12% compulsory super contributions, super is likely to play a leading role as a retirement investment.

There are good reasons to add contributions of your own. Super has the advantage of being very lightly taxed. During the accumulation phase, you can expect to pay:

- 15% on concessional (tax-deductible) contributions
- 0% on non-concessional (non-deductible) contributions, and
- 10%-15% on investment earnings within super.

These tax rates are likely to be well below your personal marginal tax rate. As a guide, if you earn more than $18,200 annually, you'll pay tax of at least 18% including the Medicare levy.

This highlights the appeal of super as an attractive place to grow retirement savings. Less tax means more of your money is invested for your future.

Pro tip:

If you're adding your own money into super, take care to stick to the caps. At the moment, you can contribute up to $30,000 per year in concessional (before-tax) contributions, which includes both employer payments and any salary-sacrifice amounts. On top of that, you can add up to $120,000 in non-concessional (after-tax) contributions. You could be hit with a tax penalty if you go over these limits.

How super provides income in retirement

After decades in the workforce growing your super (the 'accumulation' phase), it can call for a very different mindset to start pulling money out of super in retirement (the 'drawdown' phase).

Generally, you can access your super once you reach your preservation age and retire. Preservation age ranges from 55 to 60 depending on the year you were born, but for most people today it's 60 (anyone born after 1 July 1964). If you're between your preservation age and 65, you may also be able to access part of your super while still working by starting a transition to retirement income stream (TRIS). When you hit 65, your super becomes available without conditions.

The drawdown phase is the stage where the tax savings of super really shine – because once you move into retirement, withdrawals are usually tax-free.

1. Making the transition to retirement (from 60)

Once you reach age 60, you may be able to access your super tax-free as a transition to retirement income stream (TRIS).

You don't need to be fully retired. A TRIS can be handy if you want to cut back your working hours and use super to fill the income gap.

Or you may be keen to ramp up salary sacrifice contributions ahead of full-time retirement and you're looking to supplement your income from work.

Either way, strict rules apply to using a TRIS:

- You can only invest up to 10% of your total super savings in a TRIS.
- Payments are typically 'non-commutable' – meaning you cannot withdraw lump sums.
- Minimum and maximum drawdown limits apply to a TRIS. These are set by the federal government, usually at 4% to 10% of the value of your TRIS annually.

2. Moving to full retirement (usually from 65)

In Australia there is no age at which you must retire. If you're willing and able, there may be nothing to stop you working well into your 70s, 80s or 90s!

Once you reach age 65, you can usually access your super without restrictions – there's no need to prove you've retired. This is different from age pension age, which is currently 67 or older.

At this stage, you can choose to keep your money invested in super by purchasing a private income stream such as an allocated pension. The main benefit of this approach is that your savings remain in a low-tax environment and can continue to grow, even while you draw an income.

Or, you can withdraw your money from super altogether. This may be fine if you need a lump sum for, say, home renovations, but keep in mind that pulling large sums out of your super means switching from a very tax-friendly environment to one that is fully taxable.

Weighing up super

There is a lot to love about super. But it also comes with possible drawbacks. It's important to understand both sides of the ledger.

Let's take a look at the pros and cons.

The pros

- **Employer contributions:** Compulsory 12% contributions from your employer provide a steady boost to your balance, effectively adding to your retirement savings at no extra cost to you.
- **Tax advantages:** Contributions and earnings inside super are taxed at concessional rates, usually far lower than your personal tax rate.
- **Compounding growth:** As a long-term investment, super benefits significantly from compounding. Regular contributions combined with reinvested earnings, can drive substantial growth in the value of your super savings over time.
- **Diversification and professional management:** Most funds offer a menu of investment options, with the added benefit that your money is professionally managed, which takes the hard work off your hands.
- **Disciplined saving:** Money tucked away in super isn't generally available before age 60. That makes it a form of forced saving. Without this restriction, it's a fair bet plenty of us would dip into our super prematurely, potentially leaving less for retirement.

The cons

- **Limited access:** Super is generally locked away until at least preservation age, with only specific exceptions such as severe financial hardship or medical needs.
- **Fees:** Super fund fees and costs can eat into returns over time. The ATO's YourSuper comparison tool is a simple way to see how your super fund shapes up for fees. If you feel you're paying too much, changing to another fund could generate substantial long-term savings.
- **Complexity:** Super is fundamentally straightforward: the more you invest, the more you have in retirement. The devil can lie in the detail. Strict rules apply to contributions, withdrawals, and tax treatments. The more you have in super (and we're really talking about balances of $500,000-plus), the more complex these rules can be.
- **Changing rules:** Super is shaped by government policy, and rules around contributions, tax, and access can – and often do – change. This uncertainty means your long-term strategy may need to adapt over time.

How much super do you need?

Let's look at two different estimates of how much super is needed to fund a decent lifestyle.

Super industry body ASFA produces a quarterly Retirement Standard. It estimates the annual income needed for a 'comfortable' retirement lifestyle – and the super balance needed to generate this income.

In June 2025, ASFA found singles need $53,289 a year to live comfortably in retirement. For couples, the figure is $75,319 a year combined.

To achieve this level of income, ASFA says a single person will need $595,000 in super, while a couple needs $690,000 in combined super savings.

Many Australians will retire with far less. The good news is that the age pension can help bridge the gap.

Around 92% of our over-65s (close to 2.6 million people) receive either a full or part age pension.

While the age pension on its own isn't high – around $29,000 a year for a single person – when combined with super savings, it can make a valuable difference to retirement incomes even if you don't have much in super.

As a guide, Super Consumers Australia says a retired couple with just $96,000 in combined super could still earn $46,000 a year after allowing for the age pension. The vast majority will come from the age pension, though.

A single retiree could have just $75,000 in super, and still pocket an annual income of $31,000 with the backing of the age pension.

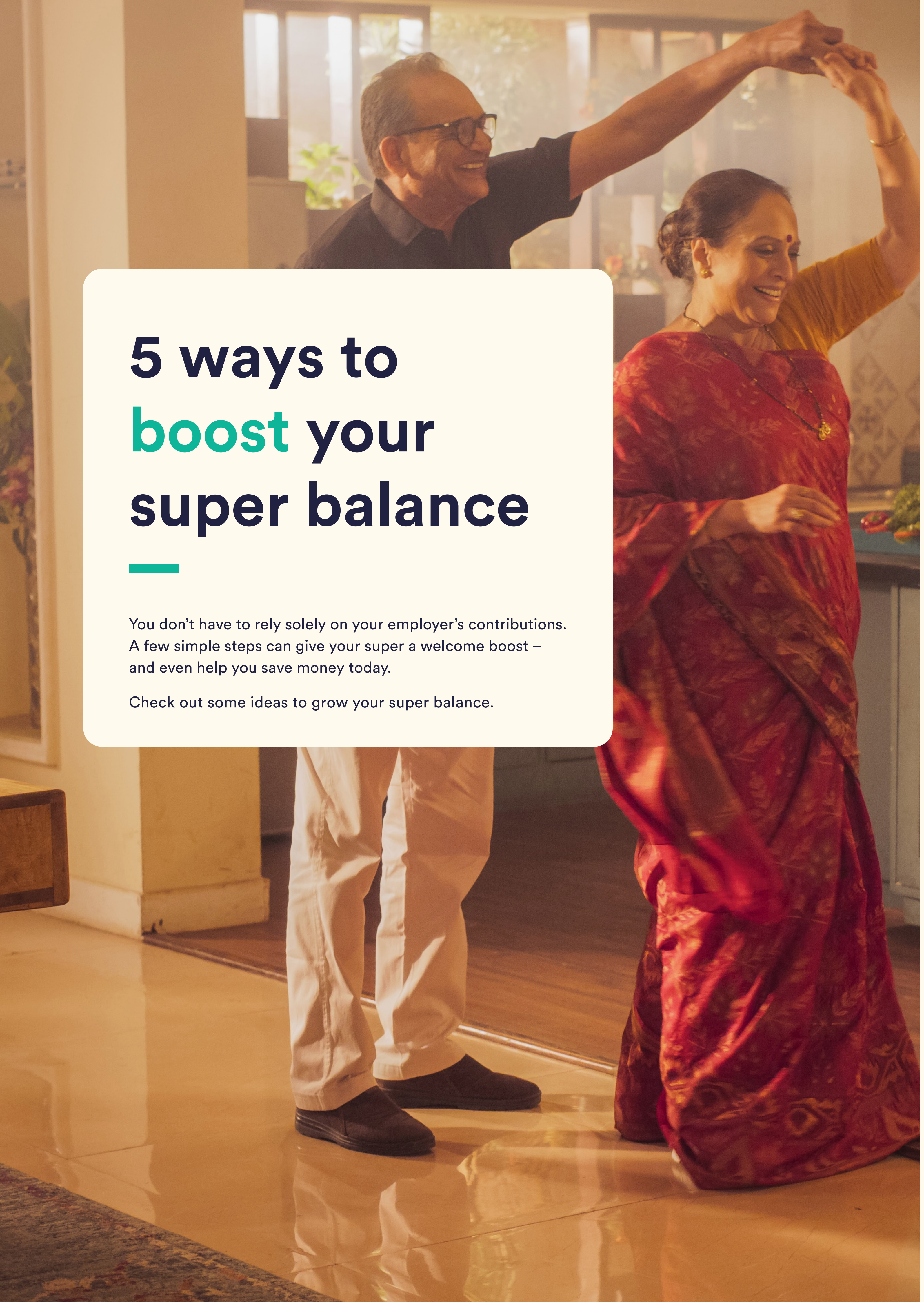
Savings targets for today's retirees (aged 65)

If you will own your home and live there when you retire	And you'd like to spend this much in retirement		Then you will need to have saved this much by the time you are aged 65	The age pension will typically fund this much of your retirement sending
	Per fortnight	Per year		
By yourself	$1,190	$31,000	$75,000	91%
	$1,650	$43,000	$310,000	67%
	$2,270	$59,000	$876,000	28%
In a couple (combined figures)	$1,770	$46,000	$96,000	92%
	$2,380	$62,000	$421,000	70%
	$3,350	$87,000	$1,223,000	32%

Source: Super Consumers Australia January 2025 data

Pro tip:

Calculations around how much you need in super often assume you own your home. If you are a renter, you will likely need a higher level of retirement savings.



5 ways to boost your super balance

You don't have to rely solely on your employer's contributions. A few simple steps can give your super a welcome boost – and even help you save money today.

Check out some ideas to grow your super balance.

1. Make voluntary contributions

A quick way to boost your super is by making extra contributions. You can do this through salary sacrifice, where part of your pre-tax income goes straight into super and is taxed at 15%, or by adding money from your own pocket and claiming a tax deduction.

All concessional contributions – including employer payments, salary sacrifice and any deductible personal contributions – are capped at $30,000 a year. You may be able to carry forward unused concessional cap amounts from the previous five years.

On top of this, you can make non-concessional (after-tax) contributions of up to $120,000 a year. And, if you've got extra to add, the bring-forward rule lets you roll three years' worth together – up to $360,000 – depending on your age and balance.

2. Government co-contributions

If you're a low to middle-income earner, you might qualify for a government co-contribution. This is where the government chips in when you make an after-tax contribution to your super.

To get the maximum $500 top-up, you must earn $47,488 or less and put in $1,000 of your own money. If you earn up to $62,488, you may still receive a smaller co-contribution.

3. Check for lost super

It's amazing to think that a $17.8 billion pool of unclaimed super is waiting to be united with its rightful owners. Some of it could be yours.

To check, use the Australian Taxation Office's (ATO's) online service through your myGov account, or call the ATO's Lost Super Search line on 13 28 65.

4. Consider spouse contributions

If your spouse (married or de facto) earns less than $40,000 a year, you may be eligible for a tax offset of up to $540 if you contribute to their super. Not only does this help boost their retirement savings, but the tax savings can also free up money to grow your own super.

5. Compare super funds

Not all super funds are created equal. Fees and performance can vary widely, and even small differences add up to big amounts over time. A simple way to check if your fund is competitive is to use the ATO's YourSuper comparison tool, which lets you compare MySuper products.

If your fund is charging more or delivering less than others, it may be worth considering a switch. Just be sure to check for exit fees, insurance cover and any benefits you'd lose by moving before making a change.

Pro tip:

As retirement approaches, shifting part of your super to a more conservative strategy may be appropriate to protect your savings from market volatility.

Remember, you could have many decades of retirement ahead, so it can still be worth keeping part of your super in a growth strategy.

Case study

Craig has always “played the long game” with money. He’s been steadily adding $500 a month to his super for the past 20 years.

Now 55 and living near the coast with his wife Lisa, he’s financially secure. Their home has “distant” ocean views and their four kids (13 to 25) have plenty of space to ride horses – or a motorbike in his son’s case. Craig’s next goal is a comfortable retirement.

> **I hope that when I do retire, I will have enough for my wife and I to live comfortably ... and to finally buy a decent boat. We have big sharks over here!**

About six years ago, Craig decided to set up his own SMSF.

> **I rolled out of my previous super into my SMSF and so suddenly had a wad of cash to invest. I’ve always liked the silver fox Alan Kohler – who doesn’t? That’s how I came across Intelligent Investor and InvestSMART.**

Craig invested part of his SMSF into the InvestSMART High Growth Portfolio.

> **The next month, COVID hit and my investment went backwards by 20%. I’m pleased to report it has since bounced back and is now up 60% from where I started.**

Alongside the High Growth Portfolio, Craig also invests in Intelligent Investor funds and individual shares.

He even owns shares in a couple of racehorses, but says that is more about the camaraderie as he doesn’t generally like to gamble.

Looking ahead, Craig wants his investments to give him more freedom.

> **We’re asset rich, not cash poor, but a little restricted, and I want to be able to access super as soon as I can – to add a bit more travel into the mix, back off work hours and say goodbye to the mortgage.**

The image used is for illustrative purposes only

Investing made easy with InvestSMART ETF Portfolios

Whether you’re planning for retirement, saving for your children’s future or simply building long-term wealth, InvestSMART makes investing simple and affordable – and now even more flexible with InvestSMART Custom.

- **Choose from a wide range of ETF portfolios** – from conservative to high growth, including ethical and asset-class specific options.
- **Option to customise your portfolio** – for experienced investors wanting more control, InvestSMART Custom lets you select up to five ETFs from our curated list.
- **Low, capped management fee** – starting at just 0.44%p.a., and capped at $880p.a for balances of $200,000 or more. Plus, a flat 0.11% p.a. administration fee covers all buy side brokerage.
- **Easy online application process** – open your investment account as an individual, company, SMSF, trust or on behalf of your children.
- **Hands-off investing** – we take care of trading and rebalancing so you don’t have to.
- **Stay informed** – access real-time performance tracking and receive tax reports annually.

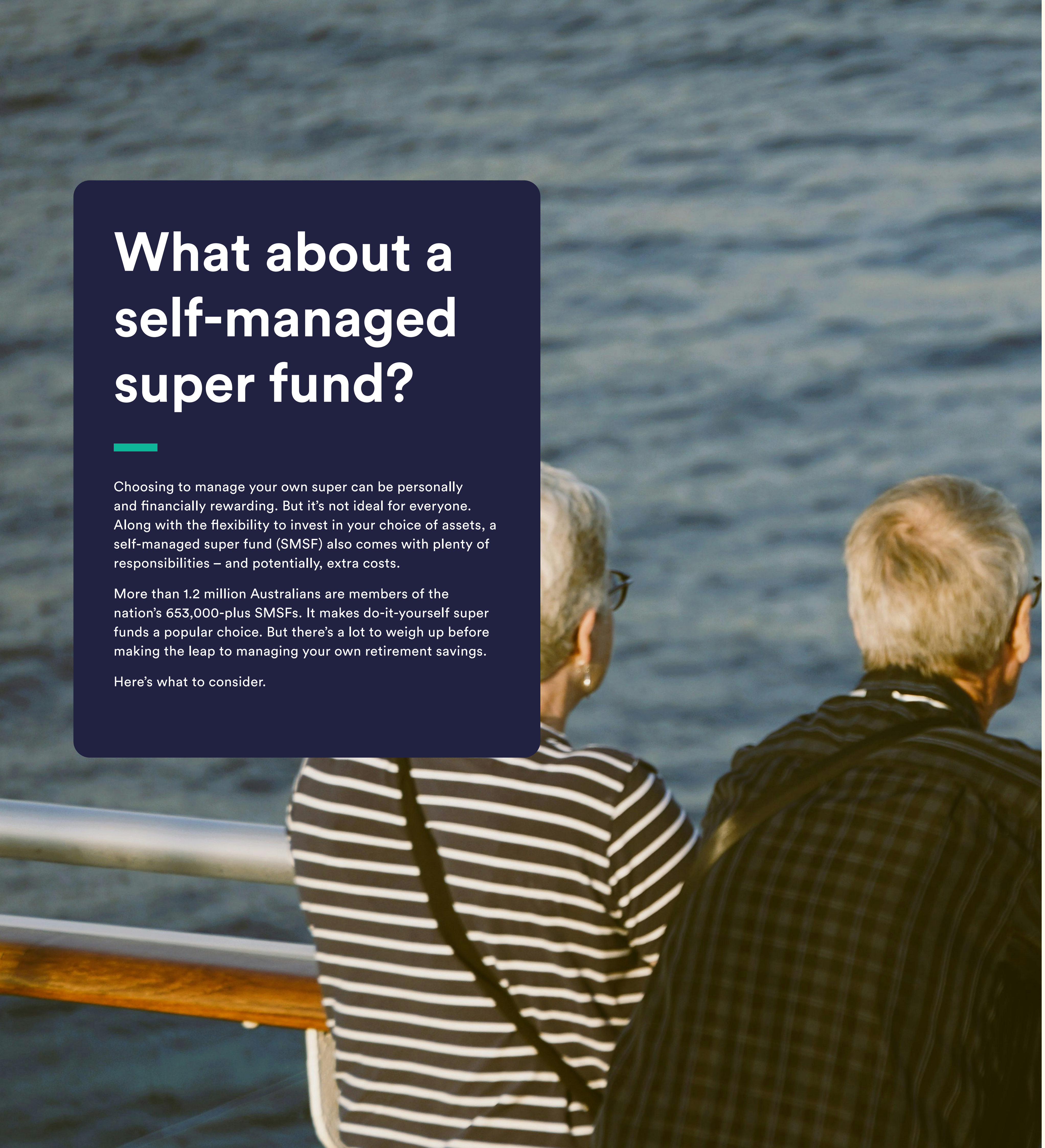
Not sure which portfolio is right for you?
Take our short quiz and get a tailored statement of advice with an InvestSMART portfolio recommendation.

Our diversified ETF Portfolios

Portfolio	Annualised performance*
InvestSMART Conservative	4.1% Annualised performance* since 29 Dec 2014
InvestSMART Balanced	5.8% Annualised performance* since 29 Dec 2014
InvestSMART Growth	7.6% Annualised performance* since 24 Oct 2014
InvestSMART Ethical Growth	9.1% Annualised performance* since 1 Nov 2020
InvestSMART High Growth	9.1% Annualised performance* since 27 Oct 2014

*As of 31 August 2025 after management + admin fees

Past performance is not an indicator of future performance



What about a self-managed super fund?

Choosing to manage your own super can be personally and financially rewarding. But it's not ideal for everyone. Along with the flexibility to invest in your choice of assets, a self-managed super fund (SMSF) also comes with plenty of responsibilities – and potentially, extra costs.

More than 1.2 million Australians are members of the nation's 653,000-plus SMSFs. It makes do-it-yourself super funds a popular choice. But there's a lot to weigh up before making the leap to managing your own retirement savings.

Here's what to consider.

Who can use an SMSF?

In theory, anyone can establish an SMSF. In practice, the decision can be based on the costs involved, and whether you have the time and/or interest in managing your own super.

In a public offer super fund, costs are spread across a large number of members. That's not the case with SMSFs, and the ongoing expenses can be surprisingly high.

That's why a major consideration when using an SMSF is how much you have in super relative to the costs involved.

As a guide, it can cost anywhere from about $2,000 to more than $15,000 annually to run an SMSF. Exactly how much you will pay depends on whether you manage and administer the fund yourself or outsource these tasks.

Pro tip:

Investment watchdog ASIC says an SMSF may only be financially worthwhile if you have a decent amount in super, or you're likely to grow a substantial balance within a short time frame.

For context, only around 13% of SMSFs have less than $200,000 in investments.

It's not just about costs

SMSFs have to abide by strict rules. As a member of an SMSF, you are also a trustee. So the buck stops with you if you get things wrong.

Among the various rules, assets must be acquired at market value (no mate's rates). The fund cannot use collectibles and personal use assets (like artworks) to give members any sort of benefit before retirement. And your SMSF cannot usually borrow money, though a special type of 'non-recourse' loan may be available to invest in property.

Breach any of these rules, and you can face stiff fines. Worst case scenario, your SMSF can lose its tax concessions.

Is an SMSF the right choice for you?

Two main factors can help you decide if an SMSF is the appropriate choice for your retirement savings:

You want control and flexibility

The same basic rules around contributions and drawdowns that apply to public offer super funds also apply to SMSFs.

However, within the rules that govern SMSFs, you can take advantage of investment strategies tailored to your personal goals, risk appetite and retirement plans.

In this way, an SMSF can give you more of a direct say in how and where your retirement wealth is invested. This can even include residential property, commercial property (including business premises), unlisted assets and even alternative assets such as cryptocurrencies that public super funds don't generally invest in. We take a look at some of the options a little later in the guide.

You have complex estate planning needs

SMSFs can offer estate planning options that may not be possible with a public offer super fund.

As a guide, you may want your SMSF to pay an income stream to a specific beneficiary when you pass away, without giving them access to the capital. This may be possible as long as your SMSF's Trust Deed allows for any proposed estate planning strategies.

Pro tip:

Unlike members of public offer super funds, SMSF trustees do not have access to compensation schemes in cases of theft or fraud. This increases the risk, particularly if investments go wrong.

Building wealth outside of super

Super isn't your only option for growing retirement wealth. It can make good sense to hold at least part of your retirement wealth outside of super.

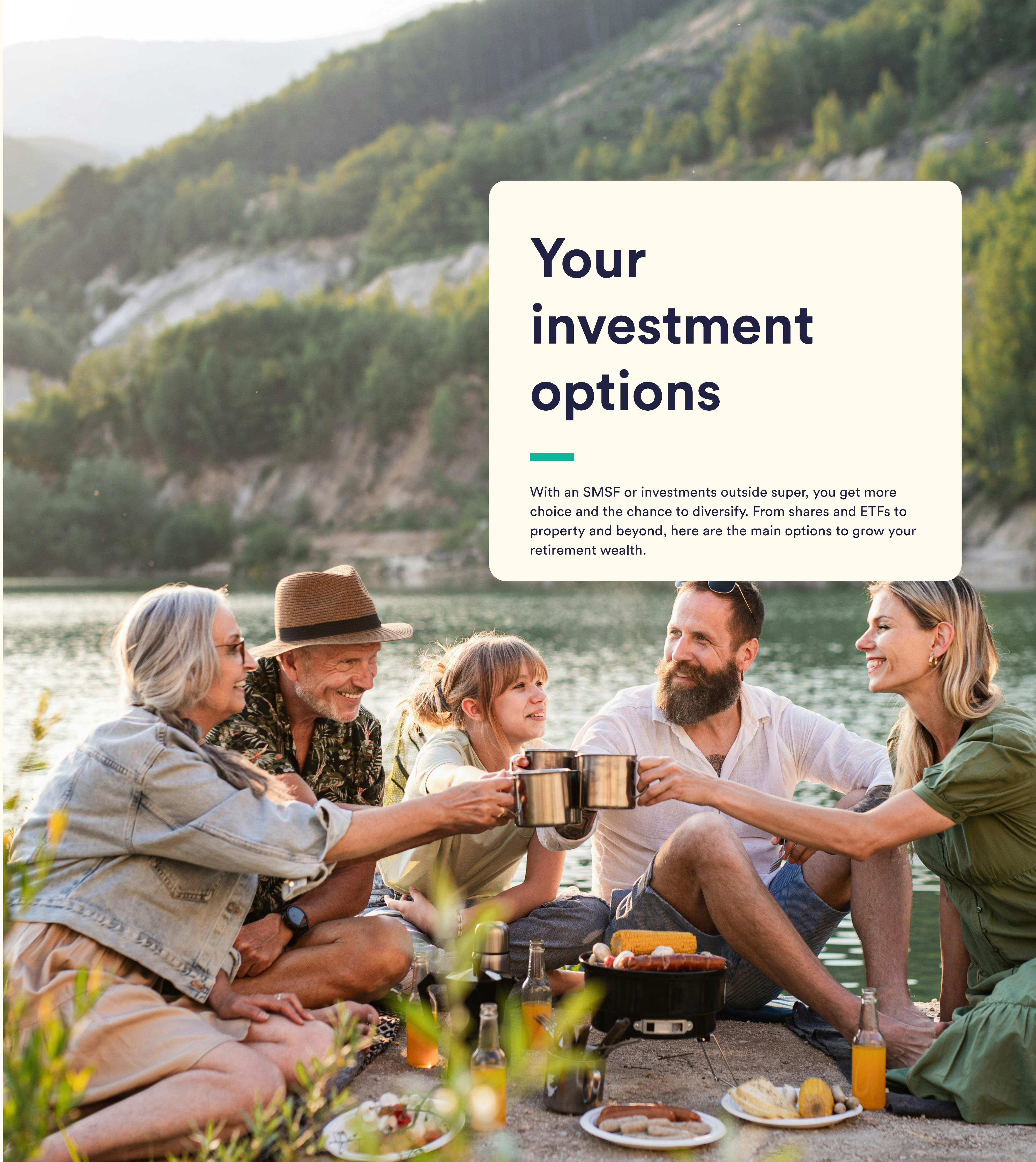
Why look beyond super?

Superannuation may be purpose-built for retirement savings, but diversification is one of the golden rules of investing. This can extend to holding a blend of investments inside – and outside – of super.

Sure, non-super investments may not have the same tax benefits as those held in super. But there are upsides to growing wealth outside of super. These include:

- **A wider choice of investments:** As we've seen, even SMSFs face restrictions around investment choices.
- **Less regulatory risk:** The rules and the tax benefits of super can, and do, change, sometimes at short notice.
- **Your money is accessible at any time:** It's very reassuring to know that if money is needed in an emergency, it can be easily accessed through non-super investments.
- **The freedom to retire when you choose:** If you plan to retire early, investing outside of super means you don't have to worry about rules surrounding your preservation age.
- **The potential for lower costs:** Super funds can charge a variety of fees. It may cost you less to invest outside of super.
- **Potential tax advantages:** While super offers concessional rates, some non-super investments (like Australian shares with franking credits or property with negative gearing) may deliver their own tax benefits depending on your circumstances.
- **Proposed extra tax on large balances:** The government has proposed an additional 15% tax on earnings from the portion of super balances above $3 million. It's not in place yet, but if it becomes law, it will be another reason to consider holding some wealth outside super.
- **Estate planning flexibility:** Assets held outside super can sometimes be passed on more simply and with fewer restrictions than super, which is bound by specific tax and nomination rules.

Fortunately, Australians are free to mix and match investments both in, and out, of super. With this in mind, let's take a closer look at the main asset classes you may want to consider – and how they can play a role in building retirement wealth.



Your investment options

With an SMSF or investments outside super, you get more choice and the chance to diversify. From shares and ETFs to property and beyond, here are the main options to grow your retirement wealth.

Shares

Own a slice of a listed company

Aussie shares can be a great investment for retirement. They're quick, easy (and cheap) to buy and sell through an online broker, and along with the potential for long-term capital gains, you may also receive regular income through dividends.

Adding to their appeal, shares can be very tax-friendly. Dividends often come with franking credits that give shareholders a credit for the 30% tax already paid by the company. If your personal tax rate is below 30%, you may even be entitled to a cash refund of franking credits.

Better still, as the cost of online brokerage falls, investors aren't restricted to Australian shares.

Investing in international shares opens the door to industries and sectors that may be poorly represented (or not represented at all) on the Australian Securities Exchange (ASX).

As a result, investors can now easily own a slice of tech giants like Nvidia, Meta (owner of Facebook and Instagram), Microsoft and Alphabet (owner of Google).

The chief drawback of shares is the potential for market volatility.

Individual stocks – and indeed the entire market – can experience sudden falls that not even the experts see coming (the onset of the COVID pandemic was a prime example of this). This volatility can be especially challenging for retirees, who can see the value of their shares plunge rapidly – even though the same stocks may go on to recover their value later.

The best protection against this volatility is to maintain a diversified portfolio. However, achieving a high level of diversification can be difficult if you have limited capital to invest.

ETFs

Instant diversity in a single asset

ETFs, or exchange-traded funds, let you buy into a basket of investments in a single trade on the ASX.

What sets them apart is that most (though not all) are passively managed index funds. Instead of trying to beat the market, passive ETFs aim to mirror the returns of a particular market index by holding a representative basket of assets in that index.

You can find funds that track everything from the ASX 200 to global markets, sectors or themes. This gives investors instant diversification compared to owning a single share.

Another big drawcard is cost. The passive approach keeps fees very low – often below 0.10% per year – so more of your money stays invested.

ETFs aren't without limitations. One downside of ETFs is that they are a listed security. So, a market downturn that impacts the broader ASX can see the value of ETFs fall, though as with quality shares, many ETFs will go on to recover their value over time.

Something else to keep in mind is that some indices can be heavily weighted towards a handful of big companies or sectors, which reduces true diversification. For international ETFs, currency fluctuations can influence returns, sometimes adding an extra layer of volatility but also creating opportunities when exchange rates move in your favour.

With close to 400 ETFs available on the ASX, the choice can feel overwhelming. InvestSMART offers a free ETF Filter and publishes an annual ETF Scorecard to help you narrow down your options.

For those who want more support, InvestSMART offers a selection of readymade portfolios made up of a basket of ETFs. All you have to do is decide which portfolio matches your goals and investment horizon.

ETFs are one of the simplest, most cost-effective ways to diversify a retirement portfolio – and they can be a particularly useful option for SMSFs.

Fixed interest

Regular, stable yields

Fixed interest investments – from government bonds and private credit funds – bring diversity to a portfolio, and also allow investors to reap the benefits of being a lender.

These benefits include the potential to earn regular, predictable returns.

However, just like lenders, it pays to be picky about who you lend to.

While bonds issued by the Australian government are considered highly secure investments, they also offer the upside of not being linked to share market returns. The drawback is that they can be hard for individual investors to access.

Fortunately, a number of ETFs offer low-cost exposure to bond markets, and they can add diversity plus a steady stream of regular distributions to your retirement portfolio.

At the higher risk end of the fixed interest spectrum, private credit – non-bank lending mainly to businesses – is a growing asset class both here in Australia and internationally. Investors typically invest via an unlisted fund, which lends the funds to a variety of borrowers.

If private credit appeals to you, be sure to carefully research the provider, being mindful of transparency about where and how your money will be lent out. As the Reserve Bank of Australia has noted, private credit lacks the oversight of banks (which are subject to strong prudential regulation), and many new players are coming onto the market who may not have experience spanning both good, and not so good, economic conditions.

Alternatives

From proven classics to market newcomers

Beyond the main asset classes listed, investors can pick from a wide world of assets to grow wealth for retirement.

From collectibles such as fine art to commodities like gold or oil (which are often available via ETFs), and even cryptocurrencies such as Bitcoin, the choice is extensive.

Adding these types of assets to your portfolio can bring extra diversification and, in some cases, act as a hedge against inflation or market volatility. But it's important to remember the end goal: your investments should grow in value to support your retirement lifestyle.

Some assets – like cryptocurrencies – are poorly regulated and highly speculative. Others – such as gold – may not deliver regular income. They may add excitement and make for great barbecue conversations, but it's worth considering carefully whether they'll truly help you achieve the retirement you're aiming for.

Pro tip:

Keep alternative assets to a small portion of your portfolio. This way they can add diversification and potential upside while keeping your core retirement savings secure.

Property

An asset class we're all familiar with

Australians love property, especially residential real estate. And with good reason – property can generate steady rental income as well as long-term capital growth, and for many families, it has been the cornerstone of wealth creation. It can also feel tangible and familiar compared to other investments.

That said, property isn't always the easiest fit for retirement.

For starters, financing a property – be it residential or commercial – often involves taking on a substantial debt. This can be something of a stumbling block for SMSFs, which face strict rules around borrowing.

Buying and selling property also comes with high costs such as stamp duty, legal fees and agent's commission. These outlays eat into returns and are funds that could otherwise be invested elsewhere.

Property is also far from a set-and-forget asset. Land tax, repairs, maintenance and professional property management can all be ongoing drains on cashflow, pushing down net yields.

SMSF investors with rental properties also need to consider whether rental income will be sufficient to meet government-mandated minimum super drawdowns. For example, if a property generates a net yield of 2% but drawdowns are set at 4%, you could face a shortfall unless you hold other, more liquid assets.

Perhaps the most challenging aspect of property as a potential retirement investment is liquidity. Property takes time to buy and sell, and as the saying goes, you can't "sell a bedroom" if you suddenly need cash.

Still, property can play a valuable role in a diversified retirement portfolio. It may offer stability, the potential for long-term growth, and some protection against inflation. For many Aussies, holding some property – either directly or through property funds – can work alongside other assets to build long-term wealth.

The key is to weigh these benefits against the costs, illiquidity and management responsibilities, and to ensure you're not relying solely on property to fund your retirement.

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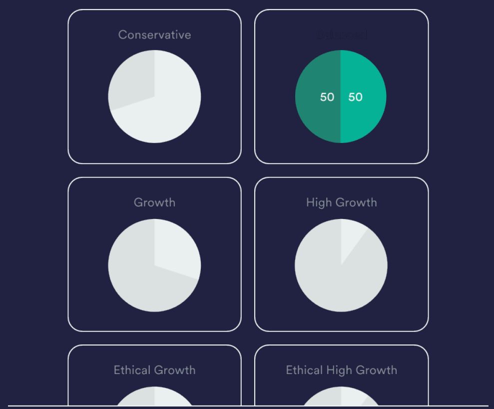
How it works



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Eligibility criteria apply. Read the PDS and TMD before making an investment decision about a financial product.

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Simple tips for retirement success

We've covered a lot of ground, but the essence of retirement planning is simpler than it seems. It really comes down to a few simple rules. Keep the following tips in mind and you should be on track for a richly rewarding retirement.

Diversify

Spreading your wealth across a variety of investments is a proven way to reduce risk and smooth out returns.

Mix and match

A blend of growth and income-generating assets can help you enjoy money to live on while ensuring the value of your portfolio keeps pace with inflation.

Be prepared to shake things up

As you move into and through retirement, you may want to alter your investment strategy as your needs change and your tolerance for risk shifts.

Keep an eye on fees and costs

You can't control market returns, but you can control what you pay in fees. Be mindful of investment fees that will lower returns and potentially erode your wealth.

Aim to whittle away debt

Entering retirement as debt-free as possible frees up money to live on. And in retirement, every extra dollar can go straight to your lifestyle!

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