

Case Study

January 18, 2018

Volume 1, Number 3



“We have been lucky to financially support our children more than most however now we need to focus on our retirement.”

John & Jane's Issues

01. Worried they are running out of time.

02. Want to get retirement ready now.

03. Want to ensure they will have a comfortable retirement.

John & Jane

Here's what we know:

John and Jane are a professional couple with a mortgage free home valued at \$1.4 million and a holiday home valued at \$890,000. Their joint income is \$280,000 a year, they have no debt and have just funded their third child through university, they do have KiwiSavers and some bank savings. They are ready to do some serious planning to provide them with a comfortable income in retirement.

They wish to retire at age 65 and want an annual income of \$120,000 per annum.

A summary of their current position is below, showing what they need to do in order to achieve their goal.

Currently they are saving \$7,515 per annum, with total savings of \$440,000.

Status Quo:

If they continue with their current savings plan they will have \$893,991 saved. This will provide them with \$69,280 per annum. Not enough!

Increase savings: In order to achieve their goal of having \$120,000 per annum in retirement, they will need to have saved \$1,815,250 by the time they retire. This means they will need to save a total of \$54,908 per annum.

What Happened:

They needed to increase their savings by \$47,393 per annum. Given their incomes and the fact that they have now finished paying for their last child's university tuition, they have embarked on this and are well on their way to achieving their goal.

The Mechanics of the Situation:

It was relatively simple to calculate however they suffered from procrastination and lethargy when it came to putting the pedal to the metal based on fear and doubt shared by their peers and endorsed by media headlines.

My solutions? We wrote a plan with an exit strategy, within that plan we had capability to analyse their financial position and to rebalance their portfolio when required. The portfolio was structured in such a way that John and Jane had access to capital if required and once they had retired was able to provide them with regular income allowing them to live their retirement dream.

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