

Reality check on retirement

by Brent Smith

My years of teaching people how to build a retirement nest egg through residential investment property have shown me that a high proportion of people have no real plan for ensuring their retirement years are secure.

This was confirmed for me in a [recent article in the Christchurch Press](#) where a survey found that more than half the people over 50 in New Zealand haven't even tried to work out what they need in retirement.



Without intending to frighten you, I thought you might like to see this...

Let's assume you could earn net of tax an amazing 6% per annum on your savings (better than most KiwiSaver funds over time.) Then you decide how much annual income you need after age 65 – for the sake of discussion, let's assume you require \$30,000 per annum.

Below is a little table which shows you how much you need to save every month, for every \$1,000 per annum that you would require after 65 years of age.

| Starting Age | Monthly Savings Required per \$1,000 of retirement income |
|--------------|---|
| 30 | \$9 |
| 35 | \$12 |
| 40 | \$18 |
| 45 | \$26 |
| 50 | \$41 |
| 55 | \$74 |
| 60 | \$170 |

So, if you are 50 years of age and haven't started saving, the table above shows that for every \$1,000pa you want in retirement, you need to save \$41 per month immediately and so it follows that to have \$30,000 per annum at age 65, you need to save \$1,230 per month right now!

What does that do to your blood pressure?

This emphasizes the huge importance on the need to have a plan to achieve this.

More about the plan on the blog soon, or if you cannot wait, speak with an [Iron Bridge Property Investment Property Consultant today...](#)