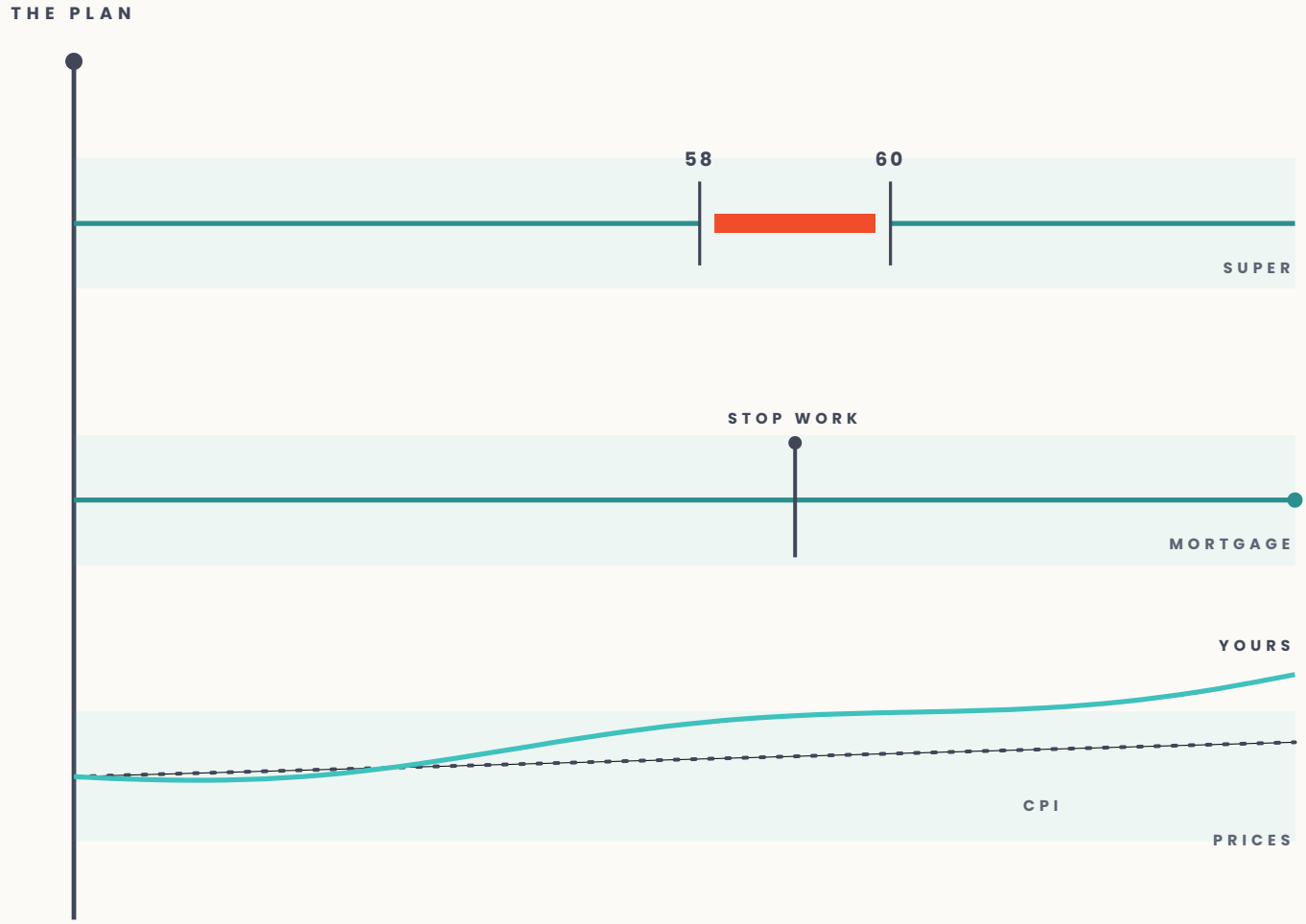
WealthAdviser

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THREE ASSUMPTIONS WORTH CHECKING

Locked away. Still owing. *Your own number.*

Super you can't reach before 60, a mortgage that outlasts the pay packet, and an inflation rate that isn't the headline one.

03
Retiring Before 60

06
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09
Your Personal Inflation Rate

FROM THE EDITOR

Locked away. Still owing. *Your own number.*

Most retirement plans rest on a few assumptions so familiar that nobody states them out loud. This issue tests three. The first is that savings are savings. Our lead feature follows a 58-year-old with a healthy super balance and a generous redundancy offer who discovers that the most disciplined thing she ever did, putting every spare dollar into super, is the reason she cannot pay this year's bills from it. The gap between stopping work and turning 60 now applies to everyone approaching retirement, and the decisions that close it are made years earlier.

The second assumption is that the house will be paid off. Almost one in four Generation X and Baby Boomer Australians now expect to carry a mortgage into retirement, and a year of five rate rises has sharpened the question of what to do about it. Clearing it with super, continuing the repayments and going part-way can each be right, while the Age Pension means test, the value of keeping money accessible and plain peace of mind pull in different directions. The article closes with the harder version of the same problem: a housing cost that never ends.

The third is that inflation is a single number. The official retiree indexes show that, on average, retirees have faced price rises broadly in line with the CPI over the past decade. But no household is the average, and over the past year essentials rose faster than the things we can choose to go without. Our Q&A covers a better term deposit rate and deeming, the tax on a redundancy package, how Centrelink values the car and the furniture, early access to super on hardship grounds, and help with electricity bills. As always, these pieces are written to start a conversation with your adviser, not to finish one.

— WEALTH ADVISER EDITORIAL

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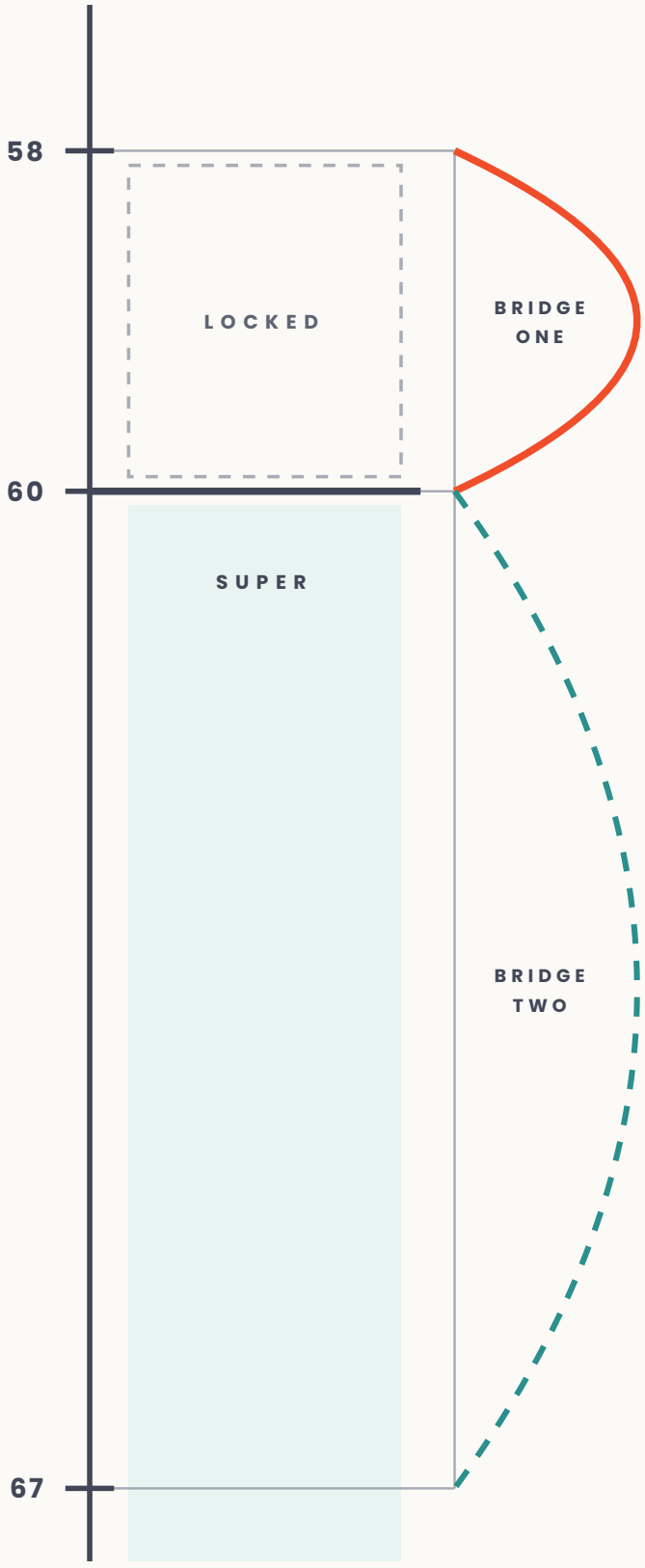
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THE YEARS BEFORE SUPER OPENS

BEFORE YOU STOP

Retiring Before 60: *The Bridge Years*

Plenty of Australians plan to stop work in their late fifties. The money is usually there. The problem is getting at it.

Continued from opposite

Karen is 58. She has done the sensible things: salary sacrificing since her early fifties, using unused cap space when the rules allowed, and watching her super pass $900,000. Her employer is now restructuring, the redundancy offer is generous, and she has decided to take it and step away from paid work altogether. On paper she is comfortably placed. But when she sits down with her adviser, the first question is not whether she has enough. It is what she will live on for the next two years.

The answer to "can I retire at 58?" depends less on how much you have saved than on where you have saved it. Super is the most tax-effective home most Australians have for retirement savings, and for that very reason it is also the most tightly locked. Anyone born after 30 June 1964 has a preservation age of 60. The phased increase from 55 finished on 1 July 2024, so the gap now applies to everyone still approaching retirement.

> *"Can I retire at 58?" turns out to be a question best asked at 50.*

Not everyone gets to choose the timing, either. Redundancy, health and caring responsibilities end plenty of careers before 60.

LOCKED FOR A REASON

Before preservation age, super can generally be released only on limited grounds, including severe financial hardship, specified compassionate grounds such as certain medical treatment, terminal illness and permanent incapacity. None is designed to fund a voluntary early retirement. From 60 the rules relax. Leaving a job on or after your sixtieth birthday meets a condition of release on its own, and someone who stopped working earlier can also qualify, provided their fund is satisfied they do not intend to work again for 10 or more hours a week. Benefits paid from a taxed super fund are generally tax-free from 60, and at 65 the money is available whether or not you are still working.

THE TRADE-OFF NOBODY MENTIONS

Money going into super through salary sacrifice or employer contributions is taxed at 15 per cent in the fund, although higher earners may pay an additional 15 per cent on some or all of those contributions under what is known as Division 293, where their income and concessional contributions together exceed $250,000. Ordinary earnings inside an accumulation account are generally taxed at 15 per cent, and capital gains on assets the fund has held for at least 12 months at an effective 10 per cent. Money saved outside super, by contrast, comes from after-tax pay. In 2026–27 the marginal tax rate is 30 per cent on income between $45,001 and $135,000 and 37 per cent from there to $190,000, plus the 2 per cent Medicare levy. The earnings on that money are generally taxed at personal rates too, although capital gains, franked dividends and investment bonds each have their own treatment.

Put in proportions, the gap is substantial. For someone on the 30 per cent rate, a dollar of pre-tax salary becomes 85 cents in super but 68 cents in a savings account, so super keeps about a quarter more of every dollar. On the 37 per cent rate, the difference grows to nearly 40 per cent.

Which is precisely why disciplined savers are the ones who get caught. Karen did everything she was told. Every spare dollar went into the one place that cannot pay her electricity bill at 58.

None of this means salary sacrifice is a mistake; the mechanics, covered in a separate article in this series, remain sound for most people. The point is that anyone who wants the option of stopping before 60 has to decide, years in advance, how much flexibility to buy. That decision tends to fall in the late forties and fifties, exactly when the argument for super is strongest. Incomes are often at their peak, the children are leaving home, and the concessional contributions cap is $32,500 in 2026–27, with unused amounts from the previous five years available to people whose total super balance was below $500,000 at the previous 30 June. Every extra dollar that goes into super is a dollar the bridge cannot use.

The cost of flexibility is real, but it is narrower than the headline comparison suggests. Once you stop, your income usually falls sharply, so the earnings on those savings may attract little tax during the bridge years themselves. In 2026–27, a resident whose only income is investment earnings pays no income tax until taxable income passes roughly $22,900, once the low income tax offset is taken into account. A capital gain realised after leaving work, on an asset held for at least 12 months, is discounted by half and then taxed at those lower rates. Couples have a further lever in which partner holds which investments. The price of keeping money accessible is paid mostly during the working years. Once the salary stops, the ongoing tax disadvantage can narrow considerably.

Continued

BUILDING THE BRIDGE

The size of the bridge is easier to judge in years than in dollars. Stopping at 58 means two years of spending that has to come from somewhere other than super. Stopping at 57 means three. Not all of that needs to sit in savings.

Savings and investments outside super are the most direct source, whether cash, shares, managed funds or investment bonds, which have their own tax rules and were covered in a separate article in this series.

> *Every spare dollar went into the one place that cannot pay her electricity bill at 58.*

Work is the second source, and often the most underrated. Stepping back rather than stopping, with a couple of days a week of consulting or part-time work, can shrink the bridge dramatically.

A partner's income is the third. Where one partner is younger or plans to keep working, the household may be able to run on one income for a few years while the other's super stays untouched.

The sale of an asset is the fourth. An investment property, a business or a holiday house can fund the gap, and selling after leaving work can reduce the tax on any gain. The risk is being forced to sell into whatever market the bridge years bring.

Readers often ask whether government support fills the gap. JobSeeker Payment is available below Age Pension age, but it is means-tested, it comes with mutual obligation requirements, and it is not designed as a retirement income. From 55, approved volunteer work can count towards those requirements, but how far depends on age and time on payment. In their first 12 months on payment, people aged 55 to 59 can use volunteering for no more than half of the required hours, with the rest made up of paid work or study. Someone who leaves a job voluntarily without a valid reason may face a non-payment period of up to eight weeks, and other waiting periods can apply where a claimant holds cash savings. One rule surprises many people: super held in an accumulation account is not counted under the income or assets tests until you reach Age Pension age. It is a conversation for your adviser, not something to build a plan on.

WHEN 60 ARRIVES

On Karen's sixtieth birthday, her super can become available, though not automatically. Because she stopped working at 58, her fund will need to be satisfied that she does not intend to return to work of 10 or more hours a week, which fits her plan to stay out of paid work. The Age Pension will not be available until 67, which is seven years away. The bridge is really two spans, and the second is longer than the first.

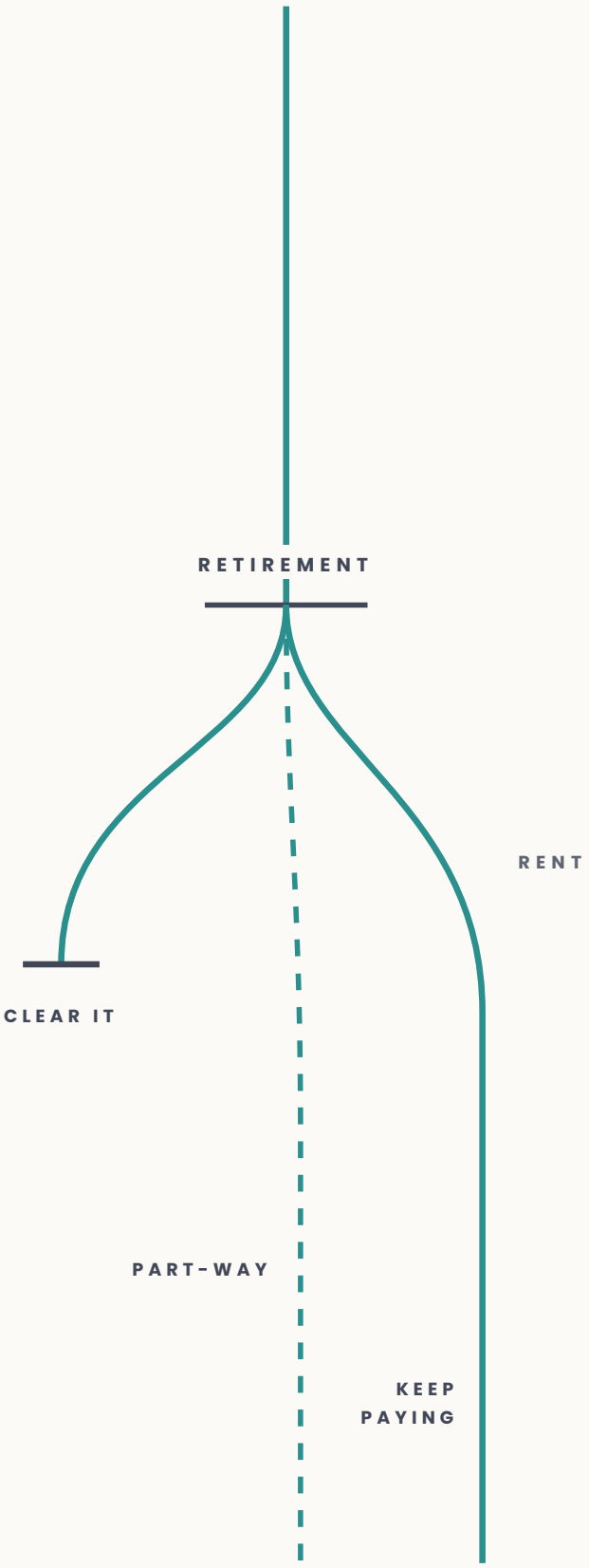
In the second span the money is no longer locked; the question becomes how quickly to draw on it. A balance that has to carry the household alone for seven years before any government support begins, and then potentially for twenty-five years or more, needs a drawdown rate that reflects both stretches. The Centrelink rules also shift during this span. Accumulation super is disregarded while its owner is below Age Pension age, so an older partner's account can count while a younger partner's does not. Super moved into an account-based pension is assessed regardless of age, which matters where one partner is already receiving a pension. And how much is spent between 60 and 67 helps determine what the means tests see at 67. Those interactions were covered in separate articles in this series on the means tests and on transition to retirement after 60.

Karen's position is a good one: her redundancy payment and a smaller balance outside super can carry the next two years. The harder version of her story belongs to someone with the same balance and nothing else. "Can I retire at 58?" turns out to be a question best asked at 50, when there is still time to decide where the next decade of savings should go.

WORTH THINKING ABOUT

Three questions to take to your next review.

- → If I wanted the option of stopping before 60, how many years of spending would need to sit outside super, and are we building that now?
- → Would our current contribution strategy still make sense if my working life ended earlier than planned, through redundancy or health?
- → In the bridge years, which assets would we draw on first, and is each held in the name that makes the most sense?



THREE PATHS FROM ONE POINT

AS YOU STOP

Retiring With a *Mortgage*

The debt-free retirement has long been the assumption behind Australian retirement planning. For a growing number of people, it is no longer the reality.

Continued from opposite

The farewell lunch is on a Friday. The following Tuesday, the mortgage repayment comes out of the account as it has every month for decades. The only difference is that, for the first time in forty years, no salary has gone in to meet it.

More Australians will recognise that moment than the traditional picture of retirement suggests. In Vanguard's *How Australia Retires 2026* survey, almost one in four Generation X and Baby Boomer respondents said they expect to carry housing debt into retirement. Among Millennials the figure was more than a third, and among Generation Z nearly half. These are expectations rather than outcomes, drawn from a survey of around 1,800 people, but they are consistent with a long-running shift in the data. Researchers at Curtin and RMIT universities, working from ABS household surveys, found that the share of home owners aged 55 to 64 still paying off a mortgage more than tripled between 1990 and 2015, to almost half.

> *A renter's retirement plan has to fund housing for life.*

An earlier article in this series covered clearing debt before retirement. This one is for people who get there with the mortgage still running.

THREE WAYS THROUGH

Among the Vanguard respondents expecting a mortgage in retirement, 45 per cent planned to keep making repayments and 39 per cent planned to clear the loan with super in a single withdrawal (respondents could choose more than one approach). In practice there is a third path, and many households end up on it: paying part of the debt down with super and servicing the rest, or moving money into an offset account against the loan.

Each path can be reasonable, and each gives something up. The factors below apply to all three, and they rarely point the same way.

WHAT THE DEBT COSTS, AND WHAT THE MONEY MIGHT EARN

Paying down the mortgage on your home produces a certain saving: every dollar repaid stops attracting interest at whatever rate the loan charges, now and as that rate moves. Leaving the money in super earns whatever the investments return, which is uncertain from year to year, has historically been higher over long periods, and can also be lower. In retirement, the comparison is cleaner than it was during working life. Earnings on super that is paying a retirement income stream are generally tax-free, and the interest saved on a home loan is not taxed either.

What has changed this year is one side of that comparison. The Reserve Bank raised the cash rate five times in 2026, from 3.60 per cent to 4.85 per cent in November, its highest level since 2008. For most variable-rate borrowers, the saving from paying down debt is now considerably higher than it was twelve months ago. What super might earn in its place is a question your adviser can help you estimate for your own investments.

Averages are only part of the picture, though. Debt that has been repaid cannot fall in value. Investments can, and a retiree who keeps the mortgage while staying invested is, in effect, borrowing against the home to remain in the market. For some people that is a deliberate and comfortable choice. For others it is an exposure they had not recognised. The timing risk is sharpest in the early years: a market fall while you are drawing on super to meet repayments can do lasting damage, a pattern covered in detail in a separate article in this series on sequence-of-returns risk.

THE MEANS TEST EFFECT

For anyone who expects to receive a part Age Pension, the means tests can tip the decision.

The family home is exempt from the assets test. Because of that, a mortgage secured against the home cannot be deducted from your other assessable assets. Super, on the other hand, is generally counted once its owner reaches Age Pension age, or earlier if it has been moved into an account-based pension. In a couple with an age gap, one partner's super may count while the other's does not. Using super to reduce the mortgage therefore moves money out of an assessed asset and into an exempt one. For a part pensioner, or someone just outside eligibility, that can increase the pension paid, sometimes enough to outweigh the investment return given up.

The middle path has a trap here. Money held in an offset account is counted as a financial asset under the assets test and is subject to deeming under the income test, even though it reduces the interest charged on the loan. The same dollars used to pay the loan down directly are not counted. An offset account keeps the money flexible and cuts the interest charged, although it usually leaves the scheduled repayment unchanged. That flexibility has real value, but for a part pensioner it can carry a cost that is easy to overlook.

How much any of this matters depends on the household's overall income and assets.

Continued

For some retirees the effect is negligible; for others it is the largest single number in the comparison. Either way, it should never be the only reason to arrange your affairs one way or another.

WHAT'S LEFT OVER

Clearing a mortgage entirely with a lump sum has an obvious appeal: no more monthly repayment, and the peace of mind of owning the home outright. That peace of mind is a legitimate factor, not a sentimental one. People who carry debt into retirement often find it weighs on them in ways a spreadsheet does not capture.

> *Debt that has been repaid cannot fall in value.*

The cost is liquidity. Money paid into the home is hard to get back out. A large withdrawal can leave a smaller balance to meet the costs of retirement that do not arrive on a schedule: a car, a roof, a health event, help at home or residential care later on. A household that clears its mortgage and is left with little else accessible has swapped one kind of risk for another.

Keeping the mortgage has the opposite profile. More money stays invested and accessible, but the repayments have to come from somewhere every month, usually from larger withdrawals from super. That keeps the household exposed to interest rates and, through those withdrawals, to the timing risk described above.

WHEN NEITHER PATH FITS

For some households the debt is large relative to their super, and neither clearing it nor servicing it from savings sits comfortably. The decision then becomes a broader one: whether to stay in the home, whether to draw on home equity, or whether to work a little longer to bring the balance down before stopping. Downsizing, the Home Equity Access Scheme and reverse mortgages, and working in later life have each been covered in earlier articles in this series.

Timing matters too. Super generally cannot be used to clear a mortgage until you reach 60 and meet a condition of release, so anyone planning to stop work earlier with a loan still running has two problems at once. That combination is covered in *Retiring Before 60: The Bridge Years*, elsewhere in this issue.

THE HARDER VERSION: RENTING

Everything above concerns a housing cost that eventually ends. For retirees who rent, it doesn't.

The share of Australians aged 55 and over who rent privately doubled between the mid-1990s and 2017–18, from 6 per cent to 12 per cent, and Vanguard's research found that renters report the lowest retirement confidence of any group. Rent has to be met for the whole of retirement, and it tends to rise over time. Rents rose 3.6 per cent in the year to September 2026, and for renters it is often the cost that pushes their personal inflation rate furthest from the headline figure, as discussed in *Your Personal Inflation Rate*.

The retirement system does make some allowance for this. Because non-homeowners have no exempt home, the Age Pension assets test applies a higher threshold to them. Eligible pensioners who pay rent above a set amount can also receive Commonwealth Rent Assistance, which is indexed twice a year. Both help, but neither changes the underlying arithmetic. A renter's retirement plan has to fund housing for life, and that usually means a larger savings target, a longer working life, or both.

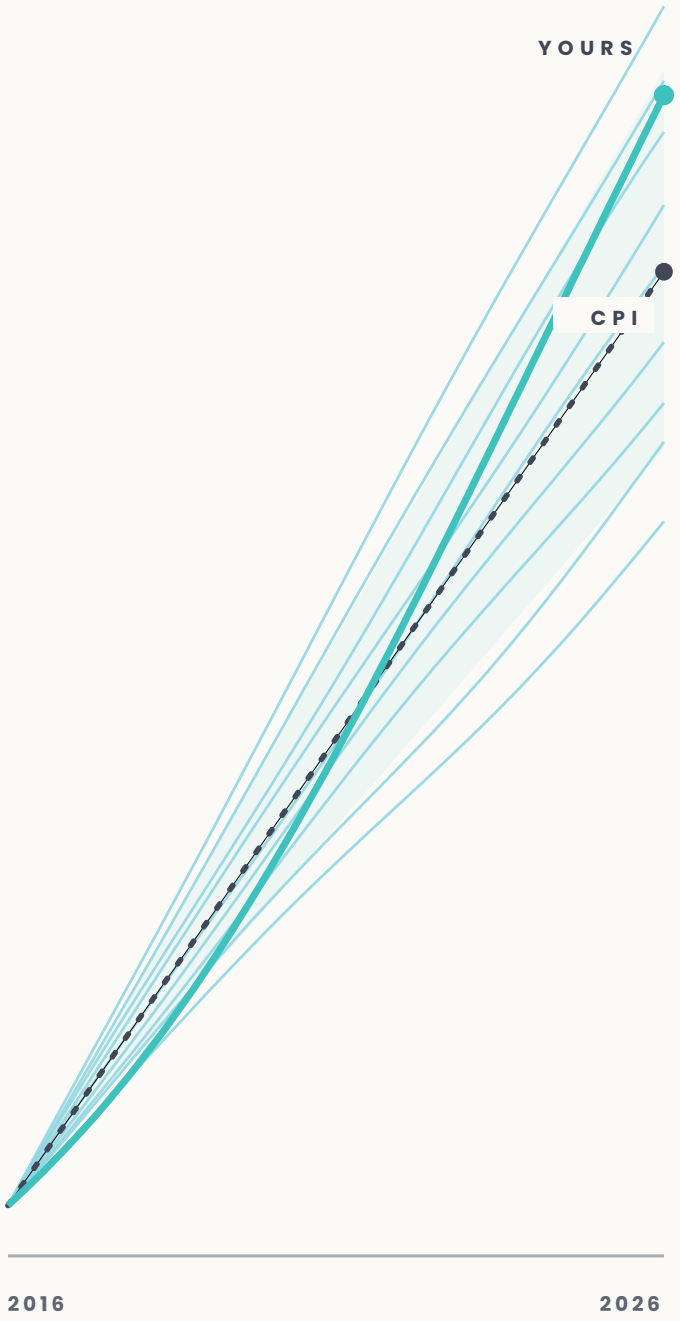
A QUESTION TO SETTLE EARLY

Whether to retire with a mortgage, clear it, or do something in between has no single right answer. It depends on the size of the debt, the interest rate, the household's other assets, its likely Age Pension position and how much it values the security of owning the home outright. What it should not be is a decision made by default, the month after the farewell lunch.

WORTH THINKING ABOUT

Three questions to take to your next review.

- → If we still have a mortgage when we stop work, which of the three paths suits our situation, and why?
- → Would using super to reduce the loan change our likely Age Pension entitlement, and would an offset account change that calculation?
- → After any lump sum to the mortgage, how much accessible money would we have left for the costs of retirement that don't arrive on schedule?



EVERY YEAR AFTER

Your Personal *Inflation* Rate

The headline inflation figure describes an average household. Yours may be running at a different speed.

AN AVERAGE NOBODY LIVES

Continued from opposite

In the twelve months to September 2026, consumer prices rose 4.3 per cent. Over the same period, the living costs of age pensioner households also rose 4.3 per cent. Self-funded retirees did a little better, at 3.8 per cent. Working households did worse, at 5.1 per cent, largely because the rate rises earlier in the year flowed through to their mortgage repayments.

Those figures come from the Australian Bureau of Statistics, which tracks living costs for different kinds of households alongside the headline consumer price index. Over the past decade they tell a surprisingly calm story. From September 2016 to September 2026, the CPI rose by a little under 38 per cent. The age pensioner index rose by almost exactly the same amount, and the self-funded retiree index by a couple of points less.

> *Interest from cash and term deposits does not adjust for inflation.*

On that evidence, the living costs of retirees as a group have not run ahead of the official measure of inflation. That says nothing about whether their incomes have kept up, but it is worth knowing. It is also where the useful part of the conversation begins, because no household is the average of its group, and the gap between a household's own costs and the published figure is the one that matters for a retirement plan.

AN AVERAGE OF AVERAGES

The CPI measures price changes across a basket of goods and services weighted to reflect what Australian households spend overall. The ABS's living cost indexes re-weight that basket for four household types: employees, age pensioners, other government payment recipients and self-funded retirees. A fifth index combines the two groups of payment recipients, and it plays a part in how the Age Pension rises. They also measure some costs differently. The living cost indexes include mortgage interest, which the CPI leaves out, exclude the purchase of new homes, which the CPI counts, and treat insurance on a different basis. The result is designed to track households' out-of-pocket living costs rather than consumer prices alone.

The differences between household types come from what each one buys. Retirees mostly own their homes outright, so mortgage interest barely registers for them. They spend relatively little on education and child care, and relatively more on health, insurance, energy and running a household. Policy shapes the numbers too. In the September 2026 quarter, the age pensioner index rose less than the others partly because more pensioner households reached the Pharmaceutical Benefits Scheme safety net, which cut what they paid for medicines.

Each index is still an average across hundreds of thousands of households. A retired couple who own their home, drive little and rarely see a specialist live in a different price environment from a retired renter with a chronic health condition and an older car. Both are counted in the published retiree indexes, and neither is likely to match them.

WHAT DRIVES YOUR NUMBER

A household's inflation rate is the price change in the things it actually buys, weighted by how much it spends on each. The categories doing most of the work at the moment are largely ones that are hard to cut back on.

In the year to September 2026, electricity prices rose 12.8 per cent, mainly because Commonwealth energy rebates ended. Insurance rose 5.4 per cent and medical and hospital services 4.8 per cent. Council rates and charges were up 5.6 per cent, and petrol prices rose by almost a quarter on the back of higher world oil prices. Rents rose 3.6 per cent; housing costs for retirees, both mortgages and renting, are covered in a separate article in this issue.

The ABS also splits the CPI into what households need and what they choose. Over the same year, prices for non-discretionary items rose 5.2 per cent, while discretionary items rose 3.2 per cent. That gap matters more than any single category. The less room a budget has for optional spending, the closer its inflation rate sits to the non-discretionary figure, and the less scope there is to absorb rises by going without.

The reverse also holds. A retiree whose budget includes generous travel, dining and hobby spending has a natural buffer. Those costs can be deferred, scaled back or substituted when essentials climb. A household spending most of its income on necessities has no such cushion, even if its overall inflation rate looks unremarkable on paper.

Few people need a spreadsheet to work out roughly where they sit. Last year's bank statements, sorted into essentials and choices, are usually enough to show whether a household's spending leans towards the categories rising fastest.

Continued

THE NUMBER IN YOUR PLAN

Every retirement projection contains an assumption about inflation. It is usually set somewhere near the Reserve Bank's target band of 2 to 3 per cent a year, and it quietly determines how much of your future income will be needed simply to stand still.

The assumption matters because of how long a retirement lasts. Over a single year, the difference between 2.5 and 3.5 per cent inflation is small change. Over 25 years, it compounds. At 2.5 per cent a year, the cost of a given lifestyle rises by about 85 per cent across that period. At 3.5 per cent, it rises by about 136 per cent. By the end, the same way of life costs roughly a quarter more than the lower assumption expected.

> *No household is the average of its group.*

None of this means a plan should assume the worst. Inflation runs above and below any assumption from year to year, and a decade that included the sharp price rises of 2022 and 2023 still averaged a little over 3 per cent a year. What matters is knowing which assumption your plan uses, whether your own spending pattern gives reason to think it is light, and whether the plan is reviewed often enough to correct course if it is.

WHICH OF YOUR INCOME KEEPS UP

The other half of the equation is income. Different sources of retirement income respond to rising prices in very different ways, and most retirees draw on more than one.

The Age Pension is indexed twice a year, on 20 March and 20 September. Each increase starts from whichever has risen more: the CPI or the Pensioner and Beneficiary Living Cost Index, the combined index for age pensioners and other payment recipients. Pension rates are also checked against a floor linked to male average earnings, so that over time they keep pace with wages as well as prices. In practice, the system already accepts that one inflation number does not fit everyone, and indexes to the higher of two price measures.

Many defined benefit pensions, including the main Commonwealth public sector schemes, are indexed to the CPI. That protects them against the headline rate, although not necessarily against a household's own.

An account-based pension, the most common way of drawing an income from super, has no automatic indexation. Its payments can be increased as prices rise, but whether those increases can be sustained depends on how the investments behind it perform, which is why growth assets have historically been the main way retirement portfolios defend their purchasing power. How much of a portfolio should be in growth assets is a question with as many answers as there are retirees, and it belongs in a conversation with your adviser, not a newsletter.

Interest from cash and term deposits does not adjust for inflation. A term deposit locks in its rate for the term, and savings rates can change, but not in step with prices. Even a good rate in a year of high inflation can be losing ground once prices are taken into account, and the interest is taxed at personal rates.

THE RIGHT QUESTION

"What is inflation?" has an official answer, published every month. "What is my inflation?" does not, and for most retirees it is the more useful question. The official retiree indexes suggest that, as a group, retirees have faced price rises broadly in line with the CPI over the past decade. Whether your household's costs have done the same depends on what you buy, how much of it you could do without, and which of your income sources rise when prices do.

WORTH THINKING ABOUT

Three questions to take to your next review.

- Roughly what share of our spending goes on essentials such as energy, insurance, health, rates and transport, and how have those costs moved for us over the past few years?
- What inflation rate does our retirement plan assume, and does our own spending give us reason to think it should be higher or lower?
- Which parts of our income rise with prices, which are fixed, and how does that balance change over the next 10 to 20 years?

Ask a *question.*

Questions advisers are asked, answered in general terms. Your own circumstances will shape how any of this applies to you.

I

Our term deposit is maturing and the new rate is much higher. Will the extra interest reduce our Age Pension?

Not directly. Under the income test, Centrelink does not look at the interest a term deposit actually earns. It applies deeming: your financial assets as a whole, including bank accounts, term deposits, shares and managed funds, are assumed to earn set rates, and that assumed income is what is tested. A better rate at rollover does not change the deemed figure. **What can change things is the balance.** Interest added to the deposit increases your financial assets, which count under both the assets test and deeming. The government also adjusts the deeming rates from time to time, which can move your pension whatever your bank pays. The actual interest still matters for income tax, which is based on what you really earn.

II

I've been offered a redundancy package at 58. How is it taxed, and can I put it into super?

If the redundancy is genuine, meaning your position has been abolished and you are under Age Pension age, part of the payment is tax-free. The tax-free limit is a base amount plus an amount for each completed year of service, both indexed each July; the 2026–27 figures are on the Key Figures page. Anything above the limit is an employment termination payment, taxed concessionally up to a cap. Before 60 the maximum rate is 32 per cent including the Medicare levy; from 60 it falls to 17 per cent. **Unused annual and long service leave are taxed separately**, generally at no more than 32 per cent. None of the payment can be rolled into super, but you can contribute some of the cash yourself, within the contribution caps. Whether that suits you depends on when you will need the money, the subject of *The Bridge Years* in this issue.

III

Does Centrelink really count our car and furniture?

Yes. Household contents and personal effects, including furniture, appliances, jewellery and collections, count under the Age Pension assets test, as do cars, caravans and boats. The family home is exempt; what is inside it is not. **The value that matters is what the items would sell for second-hand**, not what they cost or what they are insured for. That distinction catches many people out. Contents insurance is written at replacement value, and a claim form filled in from the policy can overstate assets by a wide margin, reducing the pension for no good reason. A realistic second-hand figure is usually far lower. Cars are valued at what they would fetch privately, less any loan secured against them. Because these values fall over time, it is worth keeping Centrelink's records current.

IV

I lost my job at 59. Can I get my super out early on hardship grounds?

Possibly, but the conditions are strict. Below preservation age, which is now 60 for everyone approaching it, a fund can release super for severe financial hardship only if you have received an eligible government income support payment, such as JobSeeker, for 26 continuous weeks, are still receiving it, and cannot meet reasonable and immediate family living expenses. The release is a single lump sum within set limits, available no more than once in any 12 months, and you apply to your fund, not the ATO. **Your sixtieth birthday may matter more.** If you do not intend to return to work of 10 or more hours a week, you can generally meet the retirement condition of release at 60 and access your super in full. Separately, the ATO can approve release on compassionate grounds for specific costs, such as medical treatment or preventing the loss of your home.

V

Our electricity bill has jumped. Is there any help for retirees?

Some, although most of it now depends on where you live. The Commonwealth bill credits that went to every household ended in 2025, which is a large part of why electricity prices rose so sharply in this year's CPI. What remains is mainly state and territory energy concessions and rebates. **They are generally tied to a concession card**, most commonly the Pensioner Concession Card and, in some states, the Commonwealth Seniors Health Card. Eligibility, amounts and whether you must apply each year differ between jurisdictions, and a state seniors card alone is usually not enough. Concessions also have to be registered with your retailer, and switching retailers can mean registering again. If bills are becoming unmanageable, retailers are generally required to offer hardship assistance, and some states run emergency utility relief grants. Your state or territory's concessions website lists what is available where you live.

Reader questions are representative and edited for length. Answers are general information current at November 2026; they do not take your objectives, financial situation or needs into account. Where rules differ between states and territories, check the rules where you live.

Key figures 2026–27.

The numbers referred to across this issue, on one page. Pension rates apply from 20 September 2026; super and tax figures are for the 2026–27 financial year unless stated.

AGE PENSION, FROM 20 SEPTEMBER 2026

Maximum rate, single per fortnight, including supplements	$1,237.70
Maximum rate, couple combined, per fortnight	$1,866.00
Full pension assets limit, homeowner single / couple combined	$333,000 / $499,000
Full pension assets limit, non-homeowner single / couple combined	$600,000 / $766,000
Part pension cut-off, homeowner single / couple combined	$745,750 / $1,121,000
Deeming, lower rate to $66,800 single / $110,600 pensioner couple	1.75%
Deeming, upper rate above those thresholds	3.75%
Next pension indexation	20 Mar 2027

RATES AND PRICES

RBA cash rate from 4 November 2026	4.85%
CPI 12 months to September 2026	4.3%
Living costs, age pensioner households 12 months to September quarter 2026	4.3%
Living costs, self-funded retiree households same period	3.8%
Living costs, employee households same period	5.1%

SUPERANNUATION 2026–27

Concessional contributions cap	$32,500
Carry-forward of unused cap total super balance below, at previous 30 June	$500,000
Non-concessional contributions cap	$130,000
General transfer balance cap	$2.1m
Division 293 threshold income plus concessional contributions	$250,000
Preservation age anyone born after 30 June 1964	60

TAX AND REDUNDANCY 2026–27

Tax-free threshold	$18,200
Marginal rates $18,201–$45,000 / to $135,000 / to $190,000 / above	15 / 30 / 37 / 45%
Medicare levy	2%
Low income tax offset maximum	$700
Genuine redundancy, tax-free base plus each completed year of service	$13,598 + $6,801
Employment termination payment cap	$270,000

Sources: Services Australia, Department of Veterans' Affairs, Australian Taxation Office, Commonwealth Superannuation Corporation, Reserve Bank of Australia, Australian Bureau of Statistics. Figures are as published at the time of writing and may be revised. General information only.

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I · RETIRING BEFORE 60

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III · YOUR PERSONAL INFLATION RATE

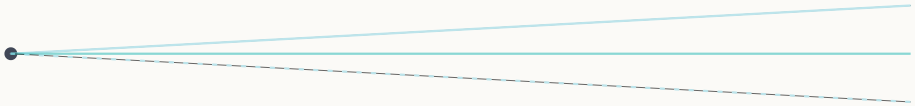
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IMPORTANT INFORMATION

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