

Income options for those retiring

JULY is a popular time to retire as unused leave payments can be received in a new tax year when income is likely to be lower. However, Christmas and the end of another year is also a practical time to retire and many people do finish up then.

Those quitting work this Christmas will have the particular challenge of generating enough income to live on, with interest rates at lows not seen for nearly 50 years.

Bank deposits certainly aren't going to be the ideal method of generating income. With term deposits only offering about 3.5 per cent per annum a great deal of capital would be required.

The most widely-used source of income for retirees is account-based pensions, previously known as allocated pensions. These are superannuation accounts that can

Money Matters

with MoneyLink's Russell Tym



invest in any assets the retiree chooses. They separate the regular payments to the owner from the actual income earned.

The investment account may earn varying income rates from different investments paid at different times of the year, but the retiree always receives a fixed monthly payment based on a set percentage of the account balance on July 1.

If actual income received is more than the retiree's regular payments the surplus stays in the pension's cash account. If income received is less than the pension payments the shortfall is drawn from the cash account or other investments.

This is a capital drawdown strategy. It is also very suitable for those without money in superannuation and unable to contribute. Capital gains have been very strong from many investments over the last year and should continue to be quite good for the next few years.

When interest on deposits is very low, drawing part of the capital growth achieved to provide income to live on is sensible and viable. Retirees without super can separate their investments into two pools, a short term one that income is drawn from and a long term one for growth.

When the short term balance runs down it is topped up by drawings from the growth pool. Some investors are reluctant to draw on their capital but this approach works well so long as the drawing rate is carefully managed.

Account-based pensions need

not invest heavily in shares, property and variable assets. They can choose mainly stable, interest-bearing investments. These could include corporate debt that pays more interest than bank accounts.

Income securities are issued by large well known companies, including major banks, and are traded on the Securities Exchange. Income yields are 5 to 7 per cent per annum. While values can vary slightly up and down they are a very reliable income source.

There are a range of managed funds investing in corporate debt that are still providing incomes of 6 per cent plus. Diversified income funds invest in a combination of government bonds, cash, corporate debt and other interest bearing assets.

Maximising pension entitlement and minimising income tax are key elements of a retirement

income plan. Account-based pensions have the benefit of being entirely tax free for those over 60. People approaching retirement should get professional advice about boosting their super balances.

Qualifying for an age pension means passing two tests—assets and income. For most people account-based pensions are more leniently assessed in the income test than other investments. The previous government proposed to change this for new investors from 2015 on but the benefit is available now.

Those with a choice of pension or lump sum, such as government staff, will be inclined to think pension first. However, now is a time when taking lump sums involves low risk to capital. Returns should be attractive over the next few years as the global economic recovery gathers pace.

New Faces, New Places



QUIRKY TWIST: Kelly Hofmann at Miss Daisy's Teahouse.

Take a drive to Miss Daisy's

TAKE a scenic drive through the Towac Valley and visit Miss Daisy's Teahouse, at the foot of Mount Canobolas.

Formerly the Mountain Teahouse, the cafe has been completely renovated and revamped, with a fresh coat of paint and new decor putting a quirky twist on an old-fashioned style.

Owner Kelly Hofmann says the fun, sweet new design appeals to men and women of all ages.

"We've even changed things outside, with tables made out of old pallets to give it a rustic, natural feel," she said.

Miss Daisy's all-new menu focuses on hearty home-made food.

In fact, at least 95 per cent of the food is made in-house, from the scones,

which are baked fresh every day, pies and sausage rolls, right through to the salad dressing and chutney.

Miss Daisy's Teahouse offers all-day breakfast six days a week, sumptuous morning teas and tasty light lunches, as well as delicious desserts.

One of the most popular menu items are the delicious fluffy pancakes.

And fans of the former Mountain Tea House will be pleased to know Miss Daisy's still offers Whitey's delicious apple pies. The teahouse is also the exclusive provider of Genovese coffee, from Melbourne.

Miss Daisy's Teahouse is open 10am to 3pm, Tuesday to Friday, and 9am to 4pm, Saturday and Sunday, at 42 Mount Canobolas Road.

Miss Daisy's Teahouse is based where The Mountain Teahouse originally was.

We have exclusive coffee all the way from Melbourne.

We have completely renovated the inside of the Teahouse so it is rather quaint and quirky now.

We offer all day breaky, lunch and dessert options.

We bake fresh scones every morning and our own 'fluffy' pancakes are extremely popular!

We can do evening functions and Christmas functions as well.

Opening Hours:
Tuesday-Friday: 10-3pm
Saturday-Sunday: 9-4pm

Miss Daisy's Teahouse
 Mount Canobolas

Foam, rubber supplies

BATHURST'S BFR Foam, Rubber and Camping has expanded to Orange, with a huge new store at 109 Peasley Street.

Operated by Paul Peters and Andrew Brown, BFR Foam, Rubber and Camping stocks a wide range of foam and rubber products for both home and commercial use, cut to size.

The range includes high and low-density foam, foam overlays and mattresses, memory foam, rubber sheeting and mats, automotive rubber, neoprene and insertion rubber, and adhesive tapes.

The store also stocks camping gear such as the durable and Australian-owned Panorama and Zzippi Swags, portable barbecues, Dutch ovens and much more.

And of course, the staff are happy to offer advice on the right product for your needs. After being open for six weeks, Mr Peters says the store has got off to a great start.

"It's a fairly niche market, but we believe, with our diverse range, we can bring something to the retail industry of Orange," he said.



DIVERSE RANGE: Paul Peters at BFR Foam, Rubber and Camping.

BFR Foam, Rubber and Camping is open 8.30am to 5pm, Monday to Friday, and 9am to 2pm, Saturday. Visit the website www.bathurstfoamandrubber.com.au.

NOW OPEN

BFR FOAM, RUBBER & CAMPING

109 PEASLEY ST ORANGE **6361 3904**



FASHION FORWARD: Fashion Freak owner Amanda Baker.

www.centralwesterndaily.com.au

Fashion has new address

YOU don't have to go to Sydney to find the latest women's fashions, simply head to Fashion Freak in the top block at 139 Summer Street.

Fashion Freak has beautiful clothing for all occasions, from casual wear and cocktail dresses to formal gowns for your next special event.

Complete your outfit with stylish shoes from Tilly Rose and gorgeous accessories and handbags.

Owner Amanda Baker said the store catered for women of all ages, in sizes 6-16, with new stock arriving all the time.

Fashion Freak stocks brands including Urban Alibi, Kitchy Ku, Grace & Hart and BeBe Sydney.

In fact, many of the bachelorettes on The Bachelor wore gowns from BeBe Sydney, which is also a personal favourite of celebrities including Jess Mauboy and Jennifer Hawkins.

Get updates on the latest fashions at the store by liking them on Facebook (Fashion FREAK), or follow them on Instagram @Fashion_Freak53.

Fashion Freak is open 9am to 5pm, Monday to Friday, with Thursdays open until 7pm, and 10am to 2pm Saturday.

Fashion FREAK

NEW FACES NEW PLACES

BeBe Sydney • Grace & Hart
 Kitchy Ku • Urban Alibi • Tilly Rose
 • Shoes Many more to come

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