

Media Release

Malaysia & SE Asia could provide workable life solutions for retirees impacted by new Assets Test says Paul Tynan

Tuesday December 13, 2016. The rude shock many seniors will wake up to on January 1 2017 as the impact on pensions and benefits are realized as the result of changes to the Age Pension Assets Test will have financial planners inundated with calls said Connect Financial Service Brokers (Connect) CEO Paul Tynan. Regrettably, if the solution doesn't appear on an APL, model portfolio or planning software, PI restrictions will not allow planners to articulate other alternatives.

Commenting further Paul Tynan said the question of how Australia is going to fund retirement continues to be the 'elephant in the room' in Australian politics with successive governments only willing to provide band aid/quick fix solutions when comprehensive answers are desperately needed.

"Today, longer life expectancies and rising cost of living has many Australians wondering how their nest eggs and savings will provide them a comfortable dignified retirement", continued Paul Tynan.

"The reality is the majority of Australian retirement aspirations are vastly underfunded and as a result future government budgets will come under immense stress from the strain of paying for age pensions, health services, age care and related housing costs.

"Some estimates say the Age Pension Assets Test could have as many as 200,000 pensioners receive lower part pension payments and benefits from January next year and up to 100,000 lose pension payments altogether. It's a frightening scenario and problem for retirees with some very tough decisions needed on how best to stretch restricted savings and income".

So, what are the options some retirees could consider?

1. Work longer
2. Live with children
3. Draw down equity on their home
4. Sell the family home
5. Move living location i.e. a sea change or tree change
6. Sell up and move overseas
7. Rent the family home and reside overseas

Paul Tynan challenges retirees and mature age Australians to review their lifestyle options and ask "do you want to live a modest/comfortable lifestyle with very limited lifestyle choices, or live a better life in a SE Asia destination like Bali, Thailand or the country at the top of his list – Malaysia?"

Malaysia has a very attractive initiative that is marketed as Malaysia My Second Home (MM2H) which the government actively markets internationally inviting non-residents to consider Malaysia as their retirement destination.

Using Penang as a retirement option in Malaysia as a comparison. The cost of renting a three-bedroom apartment in the city is 80% lower in Penang than in Sydney. When it comes to dining at restaurants, the meals are more than 70% lower and groceries 60% cheaper. Other benefits of living in Malaysia include –

- Excellent medical services
- English speaking
- International airport
- You can buy freehold property

"This will not be the retirement solution for every retiree however Australians in growing numbers will explore this option in the years to come. Living in Malaysia will allow Australians to maintain

current living standards in their later years as cost of living increases erode retirement nest eggs”, said Paul Tynan.

“Health care and aged care (including retirement living) in Malaysia is much more affordable when compared to Australia”.

The tyranny of distance is not an issue either as connectivity with loved ones by rapid advances in technology (communication) together with daily direct flights from most Australian capital cities to Kuala Lumpur.

While maintaining their Australian citizenship, retirees can keep their financial assets in Australia and access money through ATM’s and banking institutions. The skills and experience of these talented retirees could also see them maintain active lifestyles as teachers, mentors and business consultants.

When considering a move to Malaysia or nearby country as a retirement destination, it is important to consider the following factors:

- Climate
- Cost of living
- English speaking
- Healthcare
- Environmental conditions
- Expat community
- Safety
- Real estate
- Entertainment
- Food
- Transportation

“Australian seniors will need to brace themselves and expect even further changes to pensions and related entitlements beyond the new Assets Test in January 2017 – it’s simply inevitable!

“However, seniors are very fortunate with options many in overseas countries don’t have and although I acknowledge that relocating offshore will not suit everyone because of family ties and unwillingness to adapt to a different culture and way of life – there are those with an ‘adventurous spirit’ that will see this as an exciting final chapter in their lives”, concluded Paul Tynan.

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