

# Why staggering retirement could be a great financial move for couples

*Couples who retire at different times can maximise their income while minimising the tax they need to pay by using these strategies.*



Brisbane couple Shirley and Peter Brown are carefully contemplating when to retire. **Dan Peled**

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**W**hen talking about retirement, there is often an assumption that if you have a partner, you'll retire at the same time.

But that's not always how life works out.

Henry Van Der Velden was retired for a decade before his wife Linda joined him. And Shirley and Peter Brown, who are 60 and 55 respectively, aren't sure yet whether they'll retire at the same time or stagger their departure from full-time work.

There are many reasons members of couples retire at different times – age difference, ill health or the desire of one person to continue working while the other feels done. Smart couples can take advantage of timing to maximise income and social security support while minimising tax. In fact, staggering your retirement can provide some significant financial benefits.

## Strategies for a staggered retirement

There are some key ages and rules to know when it comes to retirement planning.

Chief among these is age 60 – this is the age at which you can access your superannuation if you are retired. If you continue working beyond this, 65 is the age you can access your super regardless of your work status.

And if there's a chance you might qualify for a full or part age pension – and a concession card [<https://www.afr.com/wealth/personal-finance/why-the-commonwealth-seniors-health-card-is-so-sought-after-20250108-p512s4>] which provides lower-cost health care – 67 is the qualifying age for that.

Cameron Paul, an executive adviser at [Viridian Advisory](https://www.afr.com/rear-window/viridian-using-no-dickheads-scale-to-rate-financial-advisers-20250714-p5meum)

[\[https://www.afr.com/rear-window/viridian-using-no-dickheads-scale-to-rate-financial-advisers-20250714-p5meum\]](https://www.afr.com/rear-window/viridian-using-no-dickheads-scale-to-rate-financial-advisers-20250714-p5meum) says the “vast majority” of his clients don’t retire at the same time as their partners.

In some cases, Paul says, it is possible for a couple to continue living off one person’s income during this period, depending on their lifestyle costs.

“If they’ve got a mortgage at the time and if they’ve got an expensive lifestyle, then it might not be enough to live off one working wage, so we may have to start an income stream from the other partner’s [super]. But if they can live off that one wage, that’s often the preferred strategy.”

There’s a four-year age difference between Henry, 69, a former mental health practitioner, and Linda, 65, a former financial services analyst, who retired earlier this year. The couple lives in Traralgon in regional Victoria.

Their financial adviser, John Apidopoulos from Bridges Financial Services, says they were largely able to live off Linda’s ongoing work income after Henry retired a decade earlier.

## Planning debt strategies for single-income couples in retirement

Shirley Brown works in the mining industry and Peter manages a commercial seafood outlet. They live in Shorncliffe, north-east of Brisbane, and plan to work for another five or so years.

Shirley says the precise timing of their retirement – or, indeed, if one continues working – will depend on “how well we do with our financial strategy”.

“If Peter wants to keep working, we can live off his salary for a bit longer,” she says. “I’d say we’re both open to it, it’s not like we’ve got grey nomad plans.”

The couple has been working with Ross Pocock, a financial adviser and director of Sternlight Financial for about five years.

They still have a mortgage and – adhering to the conventional wisdom of entering retirement debt-free – paying it off is their highest priority, so they’re paying an additional \$2500 a month towards their mortgage.

Pocock says that, as their biggest expense, this is the “biggest moving part” in their retirement plan.

## How to stagger age pensions to maximise cash flow as a couple

To qualify for the age pension

[<https://www.afr.com/wealth/superannuation/couples-can-do-the-switcheroo-to-increase-age-pension-payments-20250224-p51em8>], a couple needs to have a combined fortnightly income below \$3934. This includes income from work or investments and the less you earn, the higher age pension payment you qualify for.

Your combined assets as a couple must be below \$481,500 to qualify for the full age pension, or \$1.074 million to qualify for a part age pension. Your home is not included, but your home contents, vehicles, any investments, and cash in savings accounts or term deposits are.

Super is also included in the assets test once you reach age 67 and in the income test once you start receiving an income stream from it.



Henry and Linda Van Der Velden retired 10 years apart. **Eamon Gallagher**

Apidopoulos, who has been advising the Van Der Veldens for the past two years, says with Henry having passed age pension age, but Linda still two years shy, they have yet to start an income stream from her super to prevent it from being counted as income in Henry's age pension calculations.

Apidopoulos says that "in the next 18 months [as Linda approaches age 67], we'll obviously have to refresh that to see what that looks like".

He says while Henry's age pension is minimal, the bigger financial advantages come from his qualification for the pension concession card, which provides benefits including cheaper medicines, bulk billed doctor appointments and concessions on expenses such as utility bills, rates, car registration and public transport.

The healthcare benefits alone can be significant, says Pocock. "I've got some clients paying upwards of \$15,000 to \$20,000 a year in medical costs because they're not eligible for any subsidies."

Keeping one partner's super out of the age pension test is a part of a wider strategy known as Centrelink sheltering

[<https://www.afr.com/wealth/superannuation/couples-can-do-the-switcheroo-to-increase-age-pension-payments-20250224-p51em8>].

It's a strategy that couples with an age difference or those retiring at different times should consider, Paul says.

Centrelink sheltering is essentially using an age difference to generate "a higher age pension payment for the older person by essentially sheltering assets with the younger person", Paul says.

"We'll often look at that and see if there is a period between them both reaching age pension age where we can maximise that entitlement by planning earlier on before they actually get to retirement."

## How to make the most of superannuation contributions as a couple

Pocock says that now Shirley has turned 60 they've moved the bulk of her super into pension phase, and she's begun to access it even though she's still working by starting a transition to retirement income stream

[<https://www.afr.com/wealth/personal-finance/how-to-work-less-help-the-kids-and-do-the-job-you-always-wanted-20240812-p5k1qj>].

But rather than using this income to fund the couple's living expenses, it is instead being channelled into Peter's super to boost his balance, which is significantly lower than her own.

"We're drawing down some of that income and putting it into Peter's super, with the idea that when Shirley reaches age pension age Peter's super is still in accumulation phase, so it's not needed and so it doesn't count towards the [age pension] asset test," Pocock says.

This should enable her to receive a part age pension, but – more importantly – the concession card benefits.

The couple is also still adding to the super remaining in Shirley's accumulation account.

"We're making contributions into super to max out her concessional [contributions] with the idea that she gets the tax refund at the end of the year and that can also go on the home loan as well," Pocock says.

Upon her retirement, the portion of Shirley's super that's still in accumulation phase will be moved into pension phase and the couple will continue to contribute to Peter's super until he reaches age 65.

Paul says when working with a couple with an age gap and is approaching retirement, a key strategy is usually to build up the super balance of the older person through a combination of increased salary sacrifice contributions and maximising super splitting

[\[https://www.afr.com/wealth/personal-finance/the-super-trick-every-couple-should-know-about-20240701-p5jq6t\]](https://www.afr.com/wealth/personal-finance/the-super-trick-every-couple-should-know-about-20240701-p5jq6t) from the younger person to the older.



Staggering your retirement can provide some significant financial benefits. **Simon Letch**

Once they retire and start a super income stream, some of this money can then be used to help the younger person build up their own super.

In the case of one client couple, he says: “That allowed us to maximise both sides of the equation and by doing that we could actually shorten the amount of time that they weren’t retired together, so we could bring forward the younger person’s timeframe so they could actually retire a couple of years sooner.”

Maximising their super has also been a major part of the Van Der Veldens’ staggered retirement strategy, Apidopoulos says.

“When we met, Henry had an account-based pension [from his super] that had already been set up, and around that time Linda received an inheritance, and that money was in a term deposit.”

Once the term had expired, a small amount of that money was directed into Henry’s super to “top up income requirements”, with the remainder channelled into Linda’s super using the bring-forward contribution rules, which allowed her to make a non-concessional contribution of up to \$360,000 by accessing her non-concessional cap of \$120,000 per year from up to two future years.

To make a bring-forward contribution, your total super balance at June 30, 2025 had to be less than \$1.76 million, and you need to be under 75 years old.

Paul says tax should also be considered if a staggered retirement is planned.

In the event that non-super assets, such as shares or an investment property, are owned, ideally they will be in the name of the first member of the couple to retire, as they’ll pay less tax on any income, due to a lower tax rate.

This also applies if such assets are likely to be sold in retirement.

# How to prepare for life after retirement

Being at home together after many years preoccupied with work and children also involves finding a new equilibrium.

“When I’m doing individual counselling with people, some people will say to me, ‘the last thing I want to do is to retire and spend all my time at home with my husband or wife,’” says Joanne Earl, a professor of psychology specialising in retirement at Macquarie University.

Earl says a staggered retirement can result in resentment if one partner is continuing on in the 9am to 5pm slog while the other is living it up socially, but she adds that a joint retirement can also lead to resentment if one partner feels forced out of the workforce before they are ready.

In either case, the key to faring well is having a plan – and open lines of communication.

Earl says one way to ease the sense of burden on the continuing worker in a staggered retirement is for the retiree to pick up more slack when it comes to household chores.

“I might be continuing to work in a job I don’t particularly like, but at the same time now, my husband’s retired, and he can do all the cooking,” she says by way of example.

Linda Van Der Velden says the period when Henry was retired, and she was still working “did seem a bit odd, but we got into a routine, and he likes to cook, so I let him”.

But Henry says that being retired together has also brought its own challenges.

“I’m not used to talking to people during the day. I’m used to going outside and doing my thing. But now I go outside, and within a few minutes, Linda’s there, looking over my shoulder.”

Earl says that if a staggered retirement is brought on by a change in circumstances – such as ill health or a redundancy – rather than planned, couples that had a retirement plan in the first place tend to fare better, even if their retirement plan had to be adapted.

“What we have noticed in our research is that when people have planned, if things change unexpectedly, they tend to bounce back more quickly.

“Even if people don’t anticipate that they’re going to retire, having that conversation about the ‘what if’ is a much better situation than just waiting until after the event and then trying to work it out individually or as a partnership.”

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