Quick Facts…

Superannuation

To provide an insight to why the government has placed enormous importance on superannuation in recent years, consider the following facts:

Today:

- There are six taxpayers to every one pensioner.

15 years time:

- There will be an estimated three taxpayers to every one pensioner.

In the past it was automatically assumed that when you retired from the workforce you would receive the age pension. With an ever increasing and aging population, the availability of the pension cannot be relied upon. People are also retiring earlier and living longer and this means that more and more people are going to have to fund for their own retirement.

Whilst the government has legislated to address this issue with the introduction of the superannuation guarantee levy, in most cases this will not be enough. This all means that you need to pay closer attention to your superannuation savings and the level of performance, security and flexibility offered by your current fund. You must review or make plans now to self fund your retirement.

While superannuation can be transferred between superannuation funds you should be aware that contributions to superannuation are almost always compulsorily preserved. This means that they generally can not be withdrawn until you are over 60 (or over 55 if you were born before 1 July 1960) and are retired.

Superannuation is one of the most tax-effective ways of saving for retirement. The earlier you start, the longer you have to invest towards your goal and the lower the amount you may need to invest on a regular basis.

When you invest regularly, you will enjoy the effects of compounding. Compounding occurs when income earned on your savings is re-invested, so you earn money on your initial capital, as well as on any income you have already earned.

How to choose a superannuation fund?

1. Portability – make sure that if you get a new job, you can invest the contributions from your new employer into the same super fund. This will save you opening another account and paying more fees.
2. Rollover facilities – make sure that when you retire, you can rollover your lump sum into an allocated pension or term allocated pension account.
3. Insurance – you should be able to easily access insurance for death, total and permanent disability and income protection through your superannuation fund.
4. Communication – you should expect to access your account information online and on the phone.
5. Fees and charges – these may apply when you make contributions, during the investment phase, and when the money is paid to you. Make sure you are fully aware of all relevant fees on your account.
6. Flexibility - can the fund accept spouse contributions; are you limited / charged to switch investment options?
7. Investment Choices – are there not only single funds i.e. Shares, but also Multi-Manager Funds to invest your money in?

Superannuation is a savings vehicle for your future.