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Fact Sheet - Your Super Fund

Compulsory superannuation contributions mean we all have a Super Fund which often becomes our primary source of income in retirement. This is an extremely valuable, tax effective investment vehicle. The choices you make now will have an enormous bearing on your level of comfort in the future!

Your Superannuation Strategy is a great way to improve your financial position. By building your assets, minimising your tax and taking out insurance cover to protect you and your family, adequate income in retirement and financial security can be achieved.

Why does it matter? More money in Super + the right Super Fund = a better quality of life and peace of mind.

In a nutshell, this means making sure the following questions are answered.

1. **Which Super Fund?** – Choosing the right super fund is a bit like choosing a car. There are many brands and types of vehicles, each as unique and different as their drivers. **One size does not fit all!** You need to select the one that suits your needs, but there are so many categories and options to choose from;

   - ✓ **Government and Corporate Funds**
   - ✓ **Industry Funds**
   - ✓ **Retail Funds**
   - ✓ **Wrap Accounts**
   - ✓ **Small APRA Funds**
   - ✓ **SMSF (Self-Managed Super Fund)**

   Each of these will also have additional features and fees. Some you will need and some you will not. ***Value for money, flexibility, control and a high level of service are important considerations.*** The choice you make can seriously affect your retirement, so how do you choose the one that's best for you?

2. **What Investment Strategy should I use?** – How you invest the money within your fund is a key decision. Your investment strategy determines how much you invest in safer/defensive assets and how much you invest in riskier/growth assets. Your approach can be as unique as your fingerprint. The goal is to generate higher investment returns after fees and taxes over the long term – decades. Taking calculated risks, avoiding major setbacks – ***not putting "all your eggs in one basket"*** – these decisions require careful deliberation. There are a number of factors to weigh up. For example:

   - ✓ **Your Risk Profile** – What level of risk are you comfortable with?

   - ✓ **Your age and financial position** – Are you building up your investment assets? Are you approaching retirement? Are you drawing a pension?

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- ✓ **Other considerations** - What specific investments should I have? Will the default fund in my Super Plan be adequate? Should I use a combination of Managed Funds and direct investments (Term Deposits and direct Shares) or a packaged Diversified Portfolio (like a Balanced Fund) or individual Sector Funds? Do I want to take more "hands on" control?

3. **Do I have adequate insurance cover?** – Research shows that most Australians insure their car and house – their property. ***Only a minority have adequate insurance to protect their most important asset – themselves.*** Your future depends on your ability to work and earn an income over your working life. Without this you will not be able to achieve the things you plan to – **you will be caught short.** Insurance is a prudent way to cover this risk. Most Super Funds contain Income Protection and Life and TPD (Total & Permanent Disablement) insurance options. The key questions are - How much cover do I need? What about my family? Will they/we/I be financially secure if something happens to me?

4. **What Contribution strategy should I use?** - Your compulsory SG (Super Guarantee) contributions (provided by your employer), are unlikely to be enough to fund you in retirement. How much super will I need? Should I make additional contributions? What are the tax and other considerations of doing this? What happens when I retire and how do I ensure my super lasts?

An additional 1% p.a. in investment return after costs and tax, plus higher contributions, say an additional 5% of your salary p.a., over time – **could double your benefit in real terms** (after allowing for inflation)! Conversely, poor returns, higher fees and charges or lost super benefits from past jobs, can cut deeply into your end super benefit.

Everyone needs to consider the above key aspects of their Super. The easy option is to use your employer's default superannuation fund. The default investment and insurance options within that fund and the minimum SG super contributions. So cross your fingers and hope for the best. With luck, this may be adequate, but this is also a huge gamble to take considering your retirement, your livelihood and your family's wellbeing depends on it.

The alternative is to be more proactive and make your own luck, learn more about your super, get professional advice and make your super work for you.

Don't get caught short in Retirement!

- ✓ **Select the right Super Fund for you**
- ✓ **Balance fees and costs with the benefit to you**
- ✓ **Manage your investment risk and use protection measures, like insurance options, along the way.**

Don't just put your head in the sand and hope for the best. You could be throwing away money - risking your future!

A professional can review your Fund, show you how to improve your Super and get it working harder for you! Contact us Today!

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