

Superannuation Do I have enough?

Superannuation is one of the most tax-effective ways of saving for retirement. The question is, how will you make sure you have enough?

Simplicity



Freedom

Planning for a secure financial future is important

If we track the life of 95 people who are currently aged 25, over the next 40 years to retirement at age 65, we'd probably find that:

- 29 of them will have died
- 12 of them will be broke
- 49 of them will be dependent on the age pension or welfare
- four will still be working
- only one will be rich.

Which one will you be?

The benefits of superannuation

There are currently approximately six Australians working for every retiree. By 2020 this will reduce to three. As Australians, we can no longer rely upon the government to provide us with a pension upon retirement.

Not only are we an ageing population, we are also living longer.

In fact, the Superannuation Guarantee (9% of your salary) will probably not be enough to support you in your retirement.

What do I need to know about superannuation?

Superannuation is one of the most tax-effective ways of saving for retirement.

The maximum rate of tax that you pay on your earnings in your superannuation fund is 15%, whereas earnings on your normal savings outside superannuation are taxed at your marginal tax rate, up to 48.5%.

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 This means that they generally cannot be withdrawn until you are over 60 (over 55 if you were born before 1 July 1960) and are retired.

What is the best way to make sure I have enough superannuation when I retire?

Start saving straight away. Even a few dollars a week can make a considerable difference to the sum of money available to you when you retire. In short, the sooner you start saving, the faster your money will grow.

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.

So it is much better to start investing small amounts today than to wait until you can invest a larger amount.

Successful investing requires you to regularly maintain your investment plan.

The best way to do this is to arrange a direct debit from your pay or bank account into the investment vehicle you have chosen.

Case study

The benefits of starting your program early can be best explained in an example where two investment plans are compared.

Carol and Jim are both aged 40. Carol decides to invest \$1,000 per month for the next 20 years in preparation for her retirement.

Jim decides to invest \$2,000 a month, but does not commence his program until he reaches 50. They both intend to retire at age 60 and it is assumed that their investment will generate 8% per annum after tax.

Choice

The graph below shows that even though Carol and Jim both invested \$240,000, Carol's savings are larger because of an extra 10 years of compound interest.

The key to success

Establish your financial goals, develop an investment plan and start saving regularly as soon as you can to make sure that compound interest works for you.

How do I choose a superannuation fund?

You should consider the following:

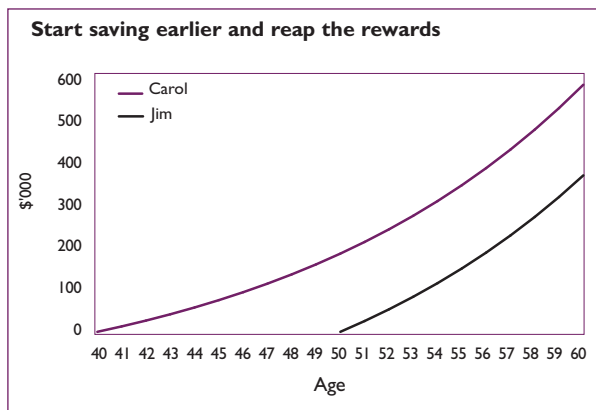
1. Portability – make sure that if you get a new job, you can invest the contributions from your new employer

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, 24-hours a day.
5. Access to financial advice and other services, like health cover and loans,

is an added bonus.

6. 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.



Steve Waugh chooses ASGARD – here's why you should too:

- You'll have the peace of mind that comes from knowing your money is in safe hands – ASGARD is part of the St. George Group, Australia's 15th largest company.
- You'll have the freedom to choose from more than 200 leading managed investments along with more than 300 shares.
- Maintain control over your investments. Choose from a range of pre-set portfolios or create your own portfolio.
- Save money and minimise paperwork by keeping your investments in one place.
- You'll receive excellent service. ASGARD is Australia's most awarded investment platform and currently administers more than \$17 billion for over 200,000 investors.



Investment. Superannuation. Retirement.

IMPORTANT INFORMATION

This information was prepared by ASGARD Capital Management Limited ABN 92 009 279 592 Australian Financial Services Licence Number 240695. To the extent permitted by law, no liability is accepted for loss or damage as a result of reliance on this information.

The investment information or general advice provided in this publication does not take into account any person's personal objectives, financial situation or needs and because of that a person should consider the appropriateness of the information or advice having regard to these factors.

In deciding whether to open, or to continue to hold, an ASGARD Account, you should consider the relevant Product Disclosure Statement or Financial Services Guide for that Account issued by ASGARD. Copies can be obtained from ASGARD or a financial adviser.