

SUPERANNUATION

Out of sight, out of mind

Outside of ownership of your home your superannuation account is generally one of your largest investments.

So why is it that a large majority of Australians fail to manage this important investment?

Is it because your employer is usually the one making regular contributions and therefore it is out of mind? Or perhaps it's because it will be a long time before you need to access the funds?

Whatever the reason it's not surprising that a survey of baby boomers in 2015¹ revealed 35% were 'completely unprepared' for retirement, 51% were 'somewhat prepared' and **only 14% were 'financially prepared'**.

It's astonishing the percentage of Australians that realise - often when it's too late - that they won't have sufficient savings to pay off their mortgage or fund their retirement.

Most of us can expect to spend 20+ years in retirement but for many of us the money will run out after 10 years.

It is never too early to start preparing financially for your retirement! This means taking charge of your financial security sooner rather than later.

Your super account

In July 2005 new laws were introduced that allowed you to take a greater interest in the performance of your superannuation (super) fund. These changes allow you to have control over where your super contributions are deposited.

Most super funds now have a number of investment options with different risk profiles depending on your stage of life and tolerance for risk. Each fund will perform differently over time. Regardless of the fund you choose you will need to regularly review your fund's performance and risk profile to determine if they are still appropriate for your personal circumstances as these will change over time.

Remember, your super is YOUR money!

Quick quiz.... Tick the box if you can answer these questions.

- How much do you currently have in your super account?
- Do you have more than one account? If so, how many?
- What investment options do you have for your super?
- What fees apply? How much are your total annual fees?
- How much does your employer contribute annually?
- Do you have insurance cover included with your super? If so, what type(s)?
- How much are you paying for this insurance and what is the level of cover?
- When can you access your super?

How did you go? If you could answer all or most of these go to the top of the class!

In fact, 6 out of 10 people don't know how much super they have AND 45% of working Australians have more than one super account².

Does that sound a little more like you?

There is no time like NOW to take a greater interest in your super.

In reality, the earlier you engage with your super the more you may be able to improve your financial future.

Other options

Taking a more active interest in your super is only one of the many steps you could take towards achieving financial independence.

Establishing a household budget that creates surplus funds for investment is always the first step.

Your surplus funds could then be applied to a range of options from starting to pay down your mortgage, investing in an additional property to making extra contributions to your super.

Remember you don't always need to pay off your home before you buy an

investment property! You may use the equity in your home as security if you are able to demonstrate a capacity to service the loan.

Take charge of your own financial security NOW! After all, if you're not willing to take responsibility who will?

1. rest.com.au
2. ato.gov.au