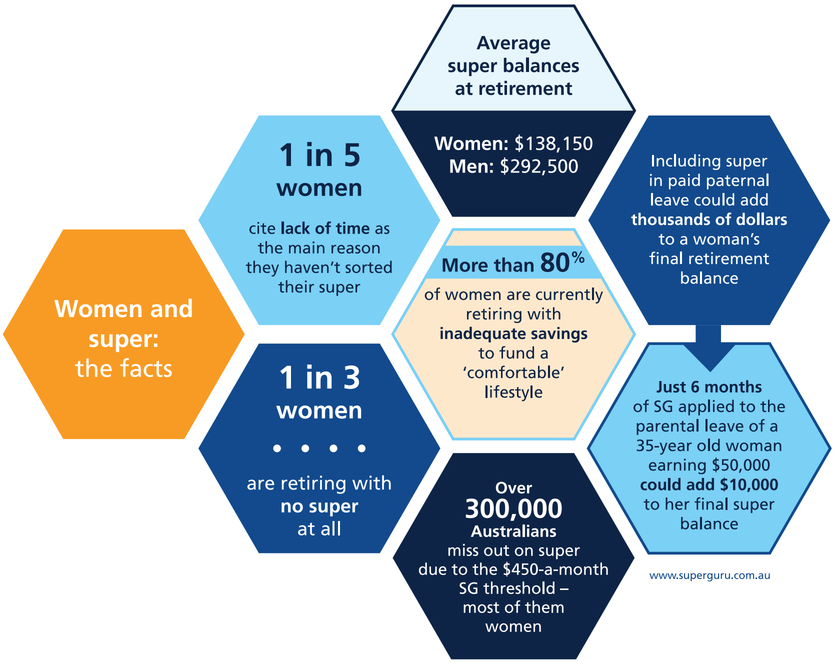
FIDUCIAN FOCUS
Spring 2017

WOMEN AND SUPER

Did you know that more than 80% of women are currently retiring with insufficient superannuation savings to fund a comfortable lifestyle?

In fact, the average superannuation account balance for women when they retire is around $150,000 less than the average for men. There are a number of reasons why this is the case. For example, many women take time out of the workforce to have children or care for family members, and they are also more likely to be in part-time employment.

No matter what the reason is, there's no doubt women have a much bigger task when it comes to saving for their retirement. This is why it's important all women take simple steps to help boost their super savings.



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Super Sorter Power Hour

Taking sixty minutes today to sort to your super could add thousands to your retirement savings.

Here are three simple steps you can take:

1. *Check your super savings*
   Get to know your super better by checking your balance regularly, as well as the insurance and investment options you have to make sure they are the best fit for your circumstances.
2. *Simplify your super by rolling all your super accounts into one*
   Consolidating your accounts and/or tracking down your lost or unclaimed super could save you thousands of dollars in unnecessary super fund administration fees, which over time can make a massive difference to your retirement savings.
3. *Plan to save more*
   Even small additional contributions to your super over time can help boost your retirement savings by thousands of dollars. These extra contributions can help you catch up on the savings time you missed, for example when time is taken out to have a baby.

http://www.superguru.com.au/about-super/women-and-super

GETTING YOUR SUPER ON

THE LIFESTYLE YOU CAN AFFORD TO HAVE IN RETI
YOU CAN INVEST BEFORE RETIREMENT. STARTING

Your plans may have slowed over the last few years, or if you were unlucky, gone backwards due market volatility. Investment returns have generally improved since the Global Financial Crisis (GFC) but are still volatile in many sectors.

Now that markets are picking up and we have learnt some hard lessons, it is time to take control and get your super back on track.

You can't just rely on your employer and investment market performance to accumulate enough super. You may need to do more.

Three options to make your super grow are:

1. Add more savings into your account
2. Invest in assets that produce a higher rate of return
3. Use tax concessions to boost your savings.

These may sound simple but you need a plan and you need to stick to it. You may be able to do this yourself or you may need the help of a financial planner to ensure you stay on track. Whether doing it alone, or with some help, this article will focus on tips to get you started with each option.

1. Add more savings

This is the starting point to get your super back on track and is an easy step that you can have total control over.

Work out how much you can afford to save from each pay and commit to investing it every fortnight or month. An expense (budget) planner can help to map out your expenses so you can find where to make some cost reductions.

If you don't already have some money put aside as a cash reserve, you might need to split the money you can save into a non-super investment as well as into super so you also have some money for those rainy days before you retire.

Example

Meredith owns her home and works for an insurance company and earns $70,000 per annum. Her employer pays 9.5% superannuation guarantee (SG) but at age 46 she is concerned that she only has $80,000 saved in super.

At this rate, when she retires at age 67 she will only have $285,763 saved to fund her desired annual income of $50,000 (today's dollars). She is likely to run out of savings and depend solely on the age pension by age 77.

Meredith uses a budget planner to list her expenses and make some savings. She decides she could save an extra $500 per month. The extra $500 per month sees her balance grow at age 65 to $441,372*. This is expected to fund her income needs until age 82.

Assumes 5.7% per annum return, fees of 0.5% per annum, CPI adjustments of 2.5% per annum and other personal assets of $25,000. Includes age pension entitlements under rates current to 30 June 2017. The calculations done using the ASIC Retirement Planning calculator at www.moneysmart.gov.au.

TRACK –

REMENT WILL DEPEND ON HOW MUCH MONEY EARLY GIVES YOU A GOOD HEAD START.

2. Invest in assets with potential for higher return

Superannuation is just a structure in which to hold assets such as cash, fixed interest, shares and property. You need to look at the options in your super fund and decide which options best suit your preferences and needs.

Investing in shares and property has the potential to produce higher returns, but don't forget that 'the higher the potential return, the higher the level of risk.' You need to look carefully at the options and the risk of your money going up and down as well as the changes in income levels to pick a mix that you are comfortable with.

Most people will benefit from a mix of assets to spread the risk. What mix you choose will depend on your risk tolerance – ie. how comfortable you are seeing your balance go up and down and the amount of time until you want to spend the money.

A higher return will allow your savings to grow at a faster rate.

Example

Meredith gets some financial planning advice and decides that with another 21 years before she retires that she is willing to take a higher level of investment risk and switches to a growth option. Assuming this option returns 6.6% per annum her balance will still only grow to $321,819 at age 67 with only SG added.

If she also adds $500 per month of her own money and earns 6.6% per annum her balance grows to $491,935

3. Tax effectiveness

The reason why super can work to save for retirement is because of the way the tax rules work.

You might pay less tax on salary that is paid into super than is paid into your bank account. This is called salary sacrifice and needs to be arranged with your employer. The less you pay in tax, the more money you will have in your account.

With salary sacrifice you need to be careful not to exceed the allowable caps on contributions as tax penalties apply if you do.

Example

Meredith speaks to her employer about salary sacrifice instead of after-tax contributions. Her salary is reduced by $764 per month (equals $500 per month after-tax) and her employer pays this amount into super with her SG.

She still has the same money to spend each month but instead of paying 34.5% tax on the $764, only 15% tax is deducted in her super fund. The tax savings means she has more money added to her account to help her savings grow. Her balance at retirement grows to $543,102 and funds her required income to age 88 (including age pension eligibility).

Putting it all together...

How you grow your super needs to be in line with your needs. You need to think about how much you can save, whether to make a personal after-tax contribution or salary sacrifice and what level of investment risk you are willing take.

Putting in place strategies to make your super grow faster may help you to have a more comfortable retirement. But you may need some help to make the right decisions and to stay on track. This is where we can help.

Making your super grow is only part of the decision on how to use super most effectively. You may also need to make decisions about which fund to use, levels of insurance cover and nominations for death benefits.

But taking one step at a time will help you to get your savings back on track.

FIDUCIAN IN THE COMMUNITY

FIDUCIAN ADVISER - GREG WOODS - SPONSORS A LOCAL GIRL REPRESENTING HER COUNTRY

One of Fiducian's Ethos is in supporting the local community and assisting where we can and Greg Woods is incredibly proud to be associated with this young lady - Dani.

Dani has just come back home from representing Australia in a *GLOBAL SPORTING COMPETITION* called the **Maccabiah Games** (http://www.maccabiah.com/2017/) which is hosted in Israel every 4 years - It is the third largest non-professionally funded sporting event globally - only behind the Olympics and Commonwealth Games.

Dani represented Australia in her two "pet events" being High Jump and Long Jump and even though she is only 14 years old she is competing in the "Open" event which means she is competing against older, taller, and more seasoned athletes.

In addition to these two events Dani was chosen to be part of the 4 Women Relay Team.

Dani (and her team) achieved the following results:

- *Silver* 🥈🇦🇺 *4x100m relay*
- *Bronze* 🥉🇦🇺 *4x400m relay*
- *Bronze* 🥉🇦🇺 *high jump*
- *4th place* 🇦🇺 *long jump*

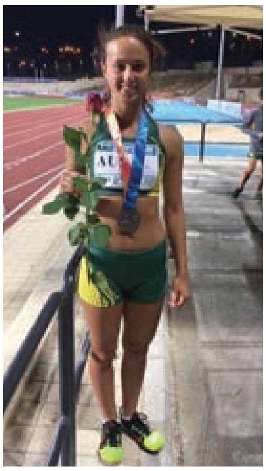
Given her age and the fact that this was her First international Competition these results were Fantastic!

Greg Woods was honoured to play a small part in assisting Dani get to Israel for these games by sponsoring her and by doing so partially assisted in offsetting the $15,000 cost her family had to fund to get her there.

Dani is the daughter of two long term clients, and dear friends, whom Greg has known for over 10 years and as such did not hesitate in supporting Dani when they asked for help.

Greg Woods is very proud to have supported Dani to achieve her goal

May she go on to greater things



Postscript: - Australia Came 4th with 9 Gold, 17 Silver and 7 Bronze medals with a total of 33 Medals - Finishing behind Canada (10 gold, 23 medals), USA (45 Gold and 155 Medals) and Israel (169 Gold and 451 medals)

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