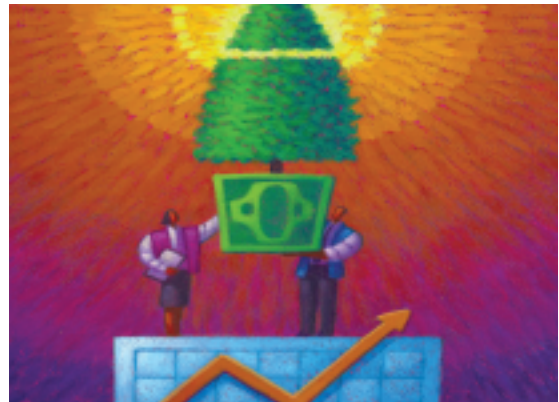


Superannuation

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?



Planning for a secure financial future is important

The second most difficult decision for many people when planning for their future is deciding to do something. The hardest decision is deciding to do it now. This should however be the easiest decision anyone has to make:

- The earlier you start, the longer you have to invest towards your goals
- The earlier you start, the lower the amount that you may need to invest on a regular basis

Even if you are close to retirement, it's not too late to start planning – every dollar counts.

Have you started planning for your future?

The benefits of superannuation

There are currently approximately six Australians working for every retiree. By 2020 this will reduce to three. As Australians, it is becoming ever more important that we are not totally reliant 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 This means that they generally cannot be withdrawn until you are over 60 (over 55 if you were born before 1 July 1960) and are retired.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.

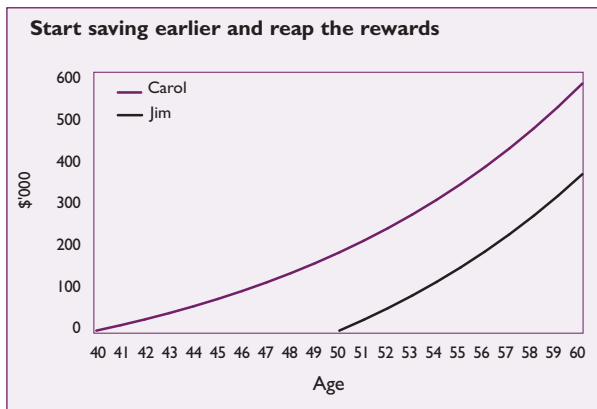
Case study

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.

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. 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.

About SECURITOR

SECURITOR financial advisers offer you a complete financial planning package – including investment, superannuation, retirement, insurance and banking solutions. Your SECURITOR financial adviser will work with you to determine the best financial plan for your particular needs and circumstances.

Specialising in technical excellence and recognising the complex legislation that governs investment, tax and superannuation, your SECURITOR financial adviser is able to work within this regulatory framework to develop innovative financial planning solutions for you, especially in the areas of wealth accumulation, superannuation and retirement planning. Using a combination of the right technical advice and the right investment strategies, SECURITOR financial advisers can add significant value to your financial affairs over the long-term.

SECURITOR is one of Australia's largest dealer groups with 430 Authorised Representatives located throughout Australia, managing more than \$6 billion for over 50,000 clients. SECURITOR is supported by SEALCORP, one of Australia's largest suppliers of financial products and services to financial advisers. SEALCORP is part of the St. George group.

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