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How to build bigger super

Beat fund barriers without breaking the rules, writes **Alex Tilbury**

NEW changes to superannuation rules are doing little to remove the barriers stopping thousands of Australians from saving enough for retirement.

As research shows that super fund members want more flexibility about when and how they build their nest egg, financial advisers are concerned that people who don't fit the traditional employee mould are being penalised.

However, there are still ways to get money into super, which remains the best place to hold your retirement savings.

Recent changes to super in this month's Budget include:

- Putting the brakes on income thresholds for the co-contribution scheme.
- A one-off reprieve for some people who accidentally breach the concessional contributions cap for tax-deductible payments such as salary sacrifice and employer contributions.
- Raising the concessional contributions cap for over-50s to $50,000, but leaving it at $25,000 for younger people.

Mercer managing director and market leader David Anderson says while there was some good to come out of the Budget, the steady stream of changes confuses people.

"Continual tinkering adds to the complexity of the system, weakening consumer confidence," he says.

The Australian Institute of Superannuation Trustees does not think the flexibility around cap breaches – where overpayments up to $10,000 can be called back – goes far enough, while the Self-Managed Super Fund Professionals Association of Australia is disappointed that caps for everyone were not restored to their pre-2009 levels of $50,000.

SUPER FUND MEMBERS ARE WANTING MORE FLEXIBILITY

The Federal Government is regarded as having erred badly when it cut the concessional superannuation contribution caps, according to the latest MetLife/Super Review survey.

[Continued Page 3]

[FROM PAGE ONE]

Save now for super

Not only did 85 per cent of survey respondents agree that the Government should restore the concessional caps to their pre-existing levels, but more than 50 per cent of them said it should be a priority, ranking just behind lifting the superannuation guarantee to 12 per cent.

The super caps controversy overshadows the fact that people can still pay $150,000 a year into their fund using their own after-tax money.

You can't claim a tax deduction but it still increases your super balance.

"There is still plenty of opportunity," says financial strategist Theo Marinis, but he believes the caps on tax-deductible contributions punish the wrong people.

"The idea behind the caps is to make sure the wealthy don't pour everything into super, but the people being penalised are the mums and dads," he says.

Marinis says the Government should encourage people to put away money when its available, with a lifetime cap if needed, rather than annual cap on contributions.

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