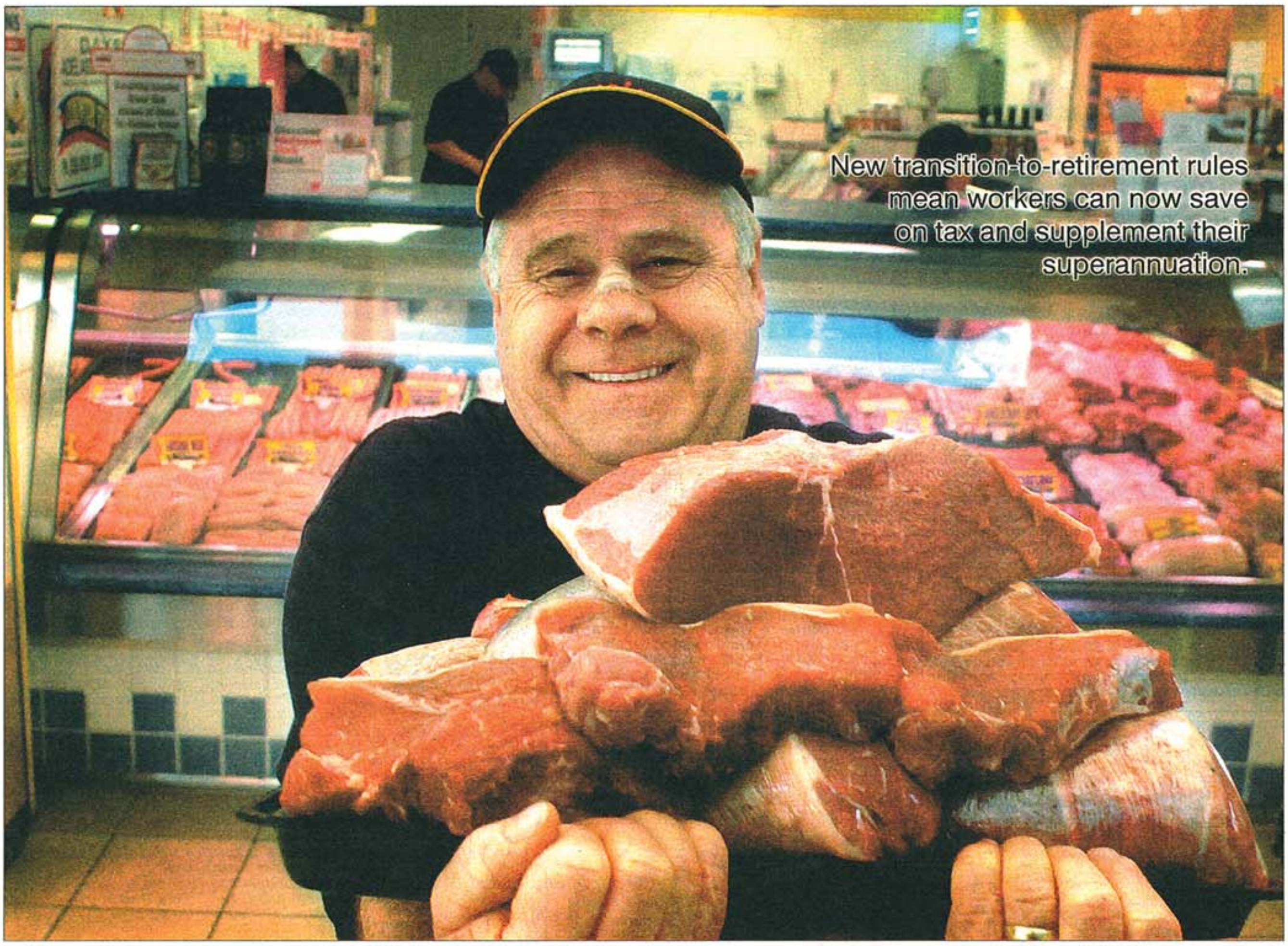

Time to beef up your super

TRACIE McPHERSON
MONEY EDITOR

MANY financial planners are selling themselves – and their clients – short, by not offering the latest tax-effective tools, according to Adelaide financial strategist Theo Marinis.

"Advisers not explaining the benefits of the new transition-to-retirement pensions are doing a major disservice to clients aged 55 years-plus," Mr Marinis said.

These rules allow workers to save on tax and beef up their super. Workers over 55 can use these new provisions to supplement part-time wages, receive extra tax-effective income or step up super savings.

They can roll existing super into a transition-to-retirement pension and use the very tax-effective pension income to supplement other earnings.

Pension earnings are tax-free and the pension tax offset means assessable pension income is taxed at 15 per cent less than the marginal tax rate.

"The 2006 Budget super proposals reinforce a new, simpler, flexible and very user-friendly super system," Mr Marinis said.

"We have been implementing these strategies for clients since they were introduced on July 1, 2005, and clients have benefited greatly.

"Clearly, these transition-to-retirement provisions present a fabulous opportunity to built post-retirement prosperity.

"Australia's workforce is about to experience a lifestyle transition and changes to super are not just retirement strategies, they look ahead to an impending skills exodus."

In 2006, about a quarter of a million baby-boomers will be turning 60.

Thereafter, for the next decade or two, about a quarter of a million people will turn 60 every year.

According to Mr Marinis, some of the favourable proposed changes include tax-free access to super for people aged 60-plus, removing Reasonable Benefit Limits which restrict concessionally taxed superannuation withdrawals, and reducing Centrelink's Assets Test taper rate, making people with higher levels of assessable assets eligible for an age pension or part-pension.

However, the Budget also announced some unfavourable changes which include more stringent restrictions and limits on a person's ability to make contributions to super.

Further to that is removal of Centrelink's 50 per cent asset-test exempt annuities and pensions from September, 2007.

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