

a super way to save

There's a tax incentive for pre-retirees with new superannuation rules in July, writes Smart Money editor Anthony Keane.

A RETIREMENT savings rush is under way as cashed-up pre-retirees try to pump as much money as they can into superannuation. With new laws that make withdrawals from super tax-free for the over-60s expected to come into force on July 1, people have until then to put up to \$1 million of their own money into super before tougher restrictions apply.

Financial planners say that there has been a high level of interest in strategies to benefit from the new super rules.

Some people are looking to sell investment properties and share portfolios to transfer the money into the super environment, where income is taxed at either 15 per cent or zero rather than a person's marginal tax rate of up to 46.5 per cent.

AMP financial planner Mark Borg said many people, particularly small business owners, are looking at

ways to take advantage of the new system. "More and more people are considering superannuation now," Mr Borg says.

"What they are finding most exciting is the tax-free income in retirement.

"Rather being a complex vehicle, super is now quite simple - tax-free lump sums and tax-free income."

Marinis Financial Group financial strategist Theo Marinis says many of his clients are already selling assets and contributing to super, despite being some time away from fully retiring.

"Capital gains tax will obviously be a factor on the sale of such assets, requiring careful consideration," he says.

"However, the long-term benefits often far outweigh some short-term tax pain."

Most retirees can already receive up to \$135,590 tax-free when withdrawing super after they retire, so the

main beneficiaries of the changes are Australia's wealthiest. Goldsborough Financial Services director and senior planner John Oliver says those who benefit most from the super changes are those with \$1 million to spare.

"But you don't find too many people with \$1 million to chuck into super," he says.

Mr Oliver says those selling an investment property or downsizing the family home can transfer money to super but for many there is no rush.

"You only need to worry about it if you have got more than \$450,000 you want to get in.

After July 1, people can put in \$150,000 of their own personal money, or they can put in \$450,000 up front and not put any in for two years afterwards," he says.

"If people are more than 10 years out from retirement, you have to be careful you are not locking up their money." ■