it's all about the money - for your retirement

New superannuation laws coming into effect in July are among several incentives that can help baby boomers boost their retirement income. Smart Money editor Anthony Keane reports.

rewarding: A tax-free retirement will become a reality for thousands more Australians in less than a month.

From July 1, all withdrawals from a taxed superannuation fund - which means all funds apart from some public sector schemes - will be tax-free for people aged over 60.

The opportunity to pump $1 million a person into super before tougher limits begin on July 1 has been widely publicised, but there are other ways to grow a nest egg faster.

Marinis Financial Group financial strategist Theo Marinis says salary-sacrificing as much as you can afford into super as you near retirement is vital.

Salary sacrifice uses pre-tax dollars rather than after-tax dollars, meaning tax of only 15 per cent is deducted as the money goes into super, rather than the typical 31.5 to 46.5 per cent most workers are slugged when they take it as a wage.

"The money's going to go into a lower tax environment and eventually will be tax-free," Mr Marinis says.

He says people who still have loans can be better off salary-sacrificing into super than paying down their debt.

"That's because you get more after tax dollars into super than you get in your hands," he says.

"Once you turn 60, the money can be withdrawn tax-free to repay the debts."

The transition-to-retirement rules, introduced in 2005, can deliver great benefits by allowing people aged over 55 to receive an income stream from their super without retiring from work.

Mr Marinis says people can salary-sacrifice their wage down to $30,000 - paying just 15 per cent super contributions tax - and simultaneously withdraw money from a transition-to-retirement pension, which has no tax on earnings and a 15 per cent tax rebate on the income it pays.

"As soon as you hit 55 or your preservation age, you should look at a transition strategy," he says.

Selling non-super assets and switching the money to super is becoming a popular strategy but people need to be careful of capital gains tax.

Self-employed, retirees and people who earn less than 10 per cent of their income as an employee can claim a tax deduction on money they contribute to super, which can offset CGT.

Mr Marinis says these people aged over 55 can make a tax-deductable contribution of up to $100,000 each year until 2012.

"After that, it's $50,000 - the same as if you are under 50. If you can afford it, try to chuck in the $100,000," he says.

Once retired, people should always move their money from super to the pension phase, where no tax is payable, he says.

Goldsborough Financial Services director Glenn Todman says it is important to have your super invested heavily in growth assets such as shares and property, even in the early years of retirement.

"The day you retire is just another day. You don't want to be too conservative because your investing time frame is the rest of your life," he says.

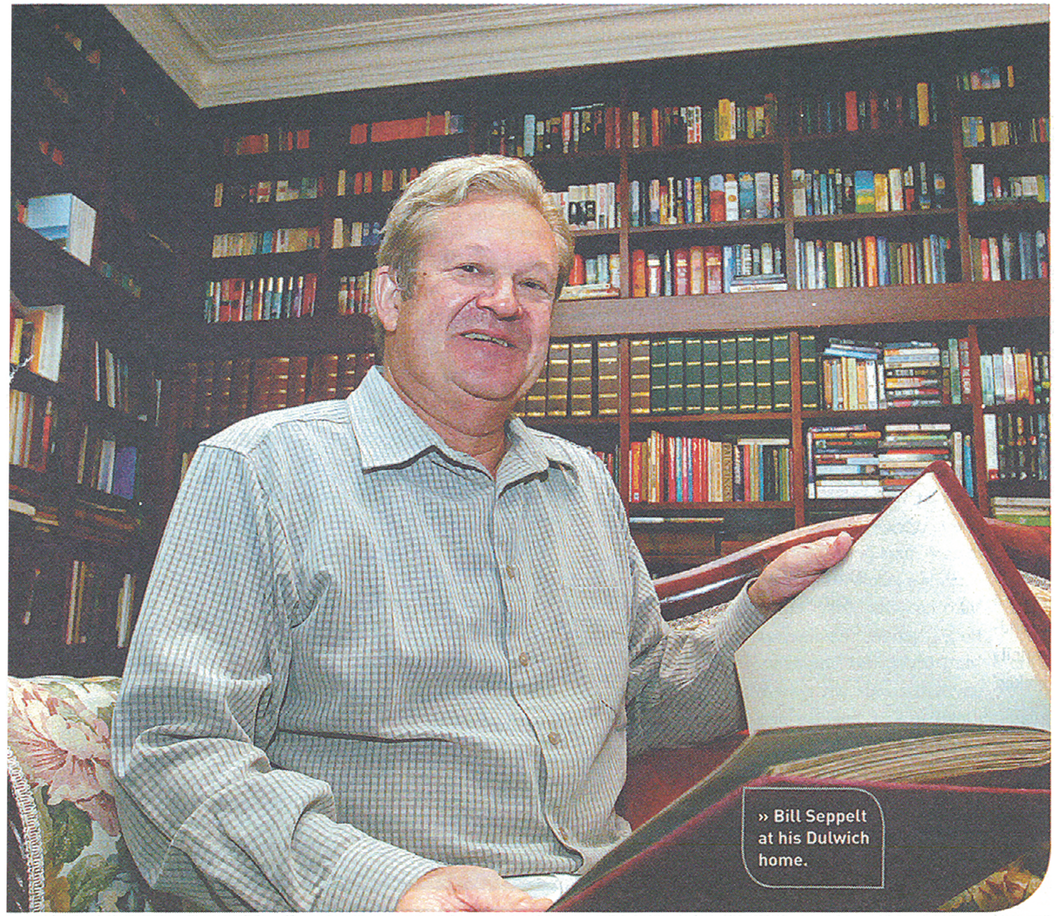
Retirees should keep at least three years of desired income in conservative assets such as cash and fixed interest. But those in their 50s should be all in growth.

He says the Simpler Super changes have made super more attractive and people are paying much more attention to it.

"The Government has taken the carrot rather than the stick approach to encourage people to get money into super so they can have more money in retirement and wont need as much age pension."

05 WAYS TO BENEFIT FROM SUPER

1. **Salary-sacrifice** as much as you can, down to $30,000 if possible, to save tax and, with a further $1000 personal contribution, qualify for most of the $1500 federal government co-contribution.
2. **While still** working after age 55, take advantage of the transition-to-retirement incentives to save tax and have some investments growing tax-free.
3. **If you** can handle the volatility, make sure your portfolio has a heavy focus on growth assets, such as shares and property, even in the early years of retirement.
4. **Once retired** or semi-retired, look at selling non-super assets in a planned way and contribute the money into the low-tax or no-tax super environment, claiming a tax deduction to offset capital gains tax.
5. **When fully** retired, don't leave your money in superannuation, where it attracts a 15 per cent tax on earnings. Switch your money to an account-based pension, where no tax is payable.



» Bill Seppelt at his Dulwich home.

lifestyle choice

BILL Seppelt is a fan of the upcoming changes to superannuation rules that make withdrawals tax-free for most people aged over 60.

The former Southcorp executive, 60, retired in 2005 and recently started an allocated pension.

Wife Jacqui continues to work part-time and is undertaking a transition-to-retirement strategy with the help of financial strategist Theo Marinis.

Mr Seppelt is investigating the potential of selling down some non-super assets to put the money into the no-tax super environment, and claiming a tax deduction to offset capital gains tax.

Mr Seppelt says the Simpler Super changes are "a wonderful idea".

"When you have worked your life and have retired, you like to think that you are able to live the rest of your life in the lifestyle you are used to, without having to worry about it," he says.

"Some of us have been fortunate to have been in super for a long time, but a lot of people are relatively new to super and this can only help them."

FACT: The total amount of money invested in superannuation in Australia jumped 19.2 per cent last year to $1 trillion, according to regulator APRA.

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