Easy transitions

cash coach

Q: I've heard that it is possible to claim your superannuation while working. Is this possible and are there benefits?

A: In the May, 2006, Budget, Treasurer Peter Costello radically changed the superannuation landscape. These changes – combined with the transition to retirement measures announced the previous year – directly benefit those aged 55 or older and still in the workforce, by allowing them to have their super cake and eat it too.

Under the transition to retirement rules, if you are over 55 you can draw down your super even if you are working.

If you are aged 60 or more the real benefit is that you can provide yourself with a tax-free superannuation driven income stream, while salary sacrificing everything you earn back into your super fund.

This strategy means you get a tax-free income stream from your super and effectively only pay 15 per cent tax on your earnings - which means your super fund grows even faster. Literally, up to 30c in every dollar you earn can go into your fund instead of to the tax man.

Obviously, when you eventually stop work, the circle finishes, but you should have dramatically increased the size of your super fund.

❑ Answered by Theo Marinis of Apogee Financial Planning. Answers should be used as a general guide only and professional advice should be sought before making investment decisions. To find a financial planner, call the Financial Planning Association on 1800 626 393 or visit www.fpa.asn.au.

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