

Smart Money

WARNING ON GEARING

Take care with super

AN Adelaide financial strategist has warned self-managed super fund members to be wary about new products allowing them to borrow to invest.

Marinis Financial Group managing director Theo Marinis said new gearing products such as instalment warrants within super could cause people financial pain in the future.

"While gearing, or borrowing to invest, is a legitimate wealth creation strategy, it is not appropriate for everyone," Mr Marinis said.

"As with many such arrangements, often only the upside of gearing is explained with not enough explanation of the downside risks of gearing," he said.

"Superannuation is not to be gambled with. It is there for retirement funding, however some financial engineers who had lost sight of the intent of super are potentially doing their clients a great disservice by introducing them to instalment warrants via self-managed super funds."

32 The Advertiser www.adelaidenow.com.au Monday, May 12, 2008

