Seniors' superannuation is more than just money, it's about having good strategies in place

- by: *ANTHONY KEANE*
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Theo Marinis, principal of Marinis Financial Group, offers his advice. Source: News Limited

SUPERANNUATION is about much more than saving money, especially if you are aged over 60.

Pension changes, volatile investment markets and government tinkering with the rules make it vital for seniors to have strategies in place.

Saving on tax and maximising age pension payments are often the big focus for seniors' super, but it's also important to ensure your nest egg goes the distance and that you stop the government from grabbing a slice of your children's inheritance once you're gone.

Here are some strategies for over-60s to think about.

TRANSITION TO RETIREMENT

Once you reach your superannuation preservation age — which is 55 for people born before July 1960 — you can use some super to start a tax-free account based pension. Coupled with aggressive salary sacrificing, it's a powerful strategy that saves tax.

"Because the pension is tax exempt, it's a no brainier and everybody should do it," says Marinis Financial Group managing director Theo Marinis.

Look after your super and watch your investment take off. Source: Supplied

SPOUSE SPLITS

There are several strategies for couples who have an age gap approaching retirement.

A retiring older partner can potentially increase their age pension by transferring their super to a younger spouse, effectively hiding it from Centrelink means testing until the younger person reaches age pension age.

"Super is exempt (from Centrelink tests) if you are under age pension age, which going forward is as much as 67 for some people," Marinis says.

Couples also can split their nest eggs and super contributions to even out their balances ahead of likely new rules, which may hit large account based pensions. "You engineer strategies based on what the rules are and what you anticipate they will be."

INVESTMENT MIX

Some experts believe older Australians switch their super to conservative, low-return assets too early. Sticking with safe cash deposits is fine if you can't stomach the volatility of growth assets such as shares and property, but remember that it carries its own risk — the risk of you running out of money.

"It's not like the glory days of 2007-08 where you got 7.5 per cent from term deposits, risk-free," says RateCity superannuation specialist Jeremy Willink.

"People are living to 80 or 90 now — you need to be thinking longer term and think about what kind of assets will generate enough for you. Getting into a term deposit earning 2-3 per cent might not give you the lifestyle you want. Speak to a financial planner."

FEES

Cutting the fees you pay to your super fund or pension provider can be as important as other strategies. "You can't control investment markets but you can control the fees and charges you pay," says Willink.

He says average super fund fees for a $100,000 balance are $1174 a year — or 1.17 per cent of your nest egg. For account based pensions worth $250,000 the average annual fee is $3028 (1.21 per cent) and for a $500,000 pension its $5731 (1.15 per cent).

"If your pension or super fund fees are higher than the industry average, it might be a good idea to shop around and look for a better deal."

Average super fund fees for a $100,000 balance are $1174 a year. Source: Supplied

RECONTRIBUTION

Once you die, a lump sum from your super that goes to non-dependent beneficiaries, such as adult children, may get taxed at between 17 and 32 per cent.

In some cases this can be eliminated by withdrawing the money then recontributing it back into super as a non-concessional contribution. "If you have ceased to work over 60 but under 65 you can cash out and re contribute," Marinis says.

"You are reducing the tax liability that will ultimately be paid by non-dependent beneficiaries."