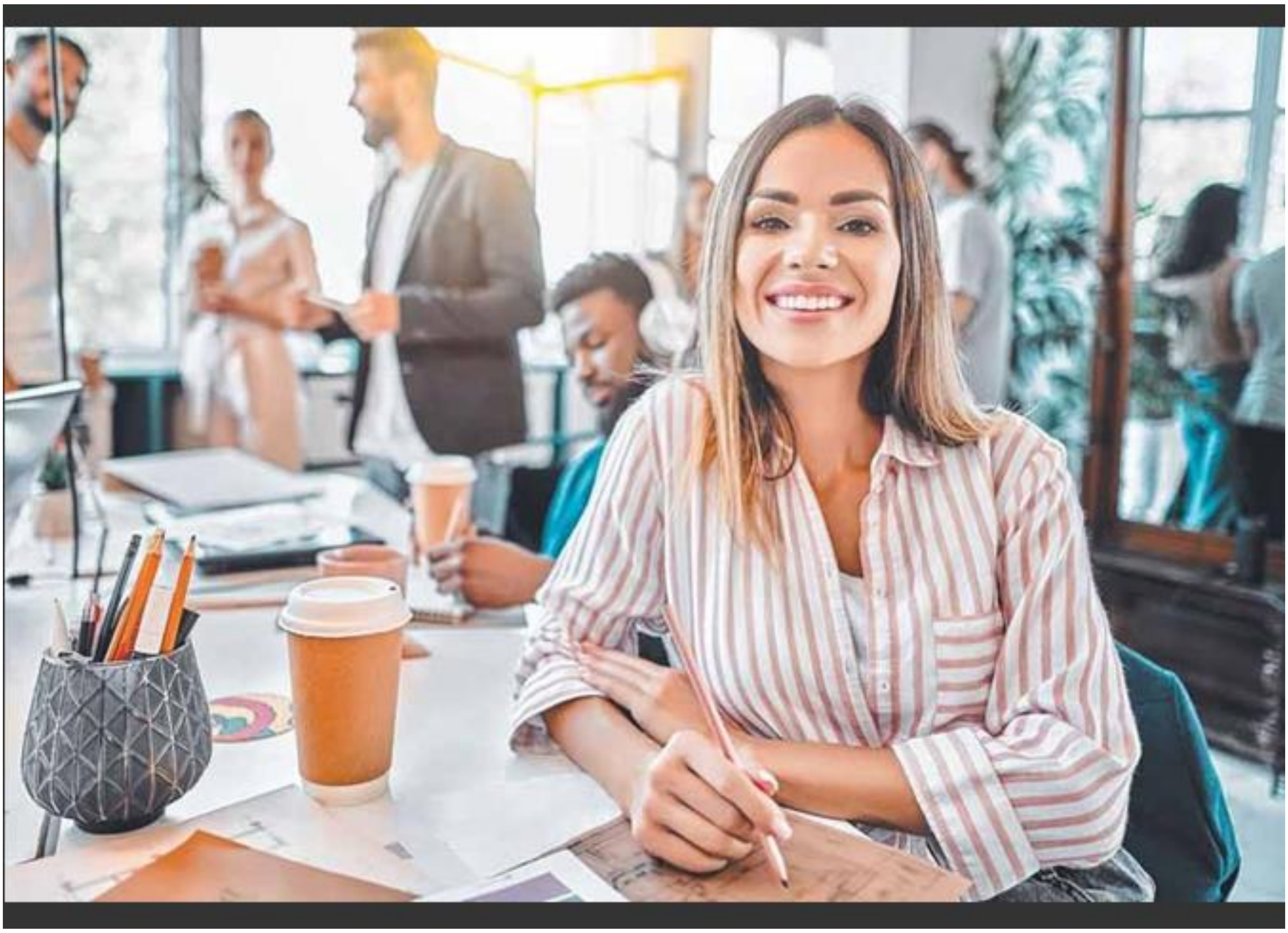
Super time to review

AS STATEMENTS LAND, CHECK IF YOU WILL BE A SUPERANNUATION MILLIONAIRE

ANTHONY KEANE



Annual superannuation fund statements are landing in letterboxes and inboxes everywhere, delivering many people a pleasant surprise and a chance to create a richer retirement.

Surging stockmarkets and property markets in 2020-21 helped deliver the system's second-best result in 30 years of compulsory super, up an average 18 per cent.

One key feature of super fund statements provides a glimpse of the future: your super estimate at retirement age, which is now 67 for most people. These projections are based on several assumptions but provide super savers with a dollar figure that either satisfies them or prompts them to do more.

Financial strategist Theo Marinis says the projections are useful, but not very accurate after about five years because they fail to allow for things such as promotions and pay rises, salary sacrifice or lump sum contributions to super.

"If it excites you to see where you are heading, and you want to put some more money in, that's good," Marinis says.

There are plenty of other parts of a super statement that can be used to get richer faster.

"Use it as an opportunity to review your situation," Marinis says. "If you have a reasonable balance, see an adviser or talk to your industry fund – they have people who can help you."

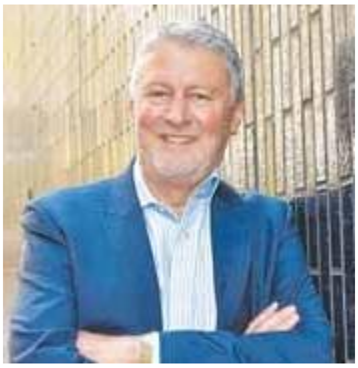
QSuper chief of member experience Jason Murray says if he had to pick one key detail to examine, it would be to "check that you're actually getting paid".

"Low fees and strong investment returns will only make a difference over the long- term if you're getting the money you are owed in the first place," he says.

Some struggling or dodgy employers don't pay workers the required super, and member complacency means some get away with it.

Murray says your statement shows you how your money is invested and its earnings for the year, and this is important to check.

"Super funds offer different options that range from low to high risk, so make sure you're comfortable with where your money is invested," he says. "Remember to review your personal details including who you have nominated to receive your super if you die."



Canstar group executive of financial services Steve Mickenbecker says life insurance in super can be easy to overlook, so check your cover and contact your fund if you have any questions.

Compare investment returns over a period of five to 10 years, he says.

"Make sure you compare apples with apples," he says. "For instance, if your assets are sitting in a balanced investment mix, it's best to compare this against other balanced funds over the same time period."

Lower fees mean more money left to grow your nest egg. Canstar's research has found for a 35-year old with $60,000 in a typical growth super fund option, the annual fee ranges from $372 to $1464.

"Your super fund is one of your most valuable financial assets, regardless of how close retirement is," Mickenbecker says.

More Australian couples are heading towards super millionaire status as they benefit from a full working life of compulsory employer superannuation, which started in the 1990s.

Marinis says this is illustrated by the proportion of self-funded retirees jumping from about 5 per cent in the early 1990s to 20 per cent today and an estimated 40 per cent within a couple of decades.

A retiree homeowner couple can have financial assets up to $891,000 and still receive a part pension, so those who are self-funded today "are already close to that $1m mark".

What to consider

- All transactions including employer and personal contributions, insurance premiums and fees.
- Your fund's performance over the past decade.
- The investment mix and whether it matches your risk tolerance and age.
- Life insurance cover – is it enough to protect your family or are you paying for more than you need?
- Fees paid, not only administration fees but also investment management costs. Personal details such as who gets the super and insurance if you die.

Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group
T 08 8130 5130 | F 08 8331 9161 | A 49 Beulah Road, NORWOOD SA 5067
E admin@marinisgroup.com.au | W marinisgroup.com.au
ABN 54 083 005 930 5067 | AFSL No: 326403