

# Home truths for our young to get super-charged

ANTHONY KEANE - The Advertiser – 9<sup>th</sup> February 2018

SUPERANNUATION'S days of being ignored by millions of Aussies aged under 50 need to stop now.

Recent rule changes for the nation's \$2.3 trillion super system have made it much harder to quickly grow a nest egg later in life once the kids leave home.

And the growing numbers of young people locked out of the real estate market are being urged to realise their super is likely to be the largest asset they will ever own.

The Federal Government last July lowered the maximum level of tax-deductible super contributions allowed each year to \$25,000.

Financial strategist Theo Marinis said this was a long way from historical annual limits of \$50,000 and \$100,000, so people could no longer ramp up retirement savings in the decade before they stopped working.

"The longer you leave it, the worse it is," he said. "The secrets to superannuation are tax efficiency and compound interest."

Compound interest means earning interest on your interest on your interest and so on. Super is perfect for this because your money can't be accessed until retirement, meaning all the income it generates gets reinvested into more assets, which generate more income. There are several ways to boost your super balance faster:

SALARY sacrificing part of your weekly wage, which gets taxed at just 15 per cent instead of your marginal tax rate.

TAKING advantage of incentives such as the government's super co-contribution or spouse contribution.

CONSOLIDATING multiple super funds into one to save on fees.

CHECKING the insurance cover you have within super to make sure it's not costing you unnecessary premiums.

CHANGING your mix of investments in super to target more growth assets such as property and shares, if you have decades before retirement.

Other changes that came into force last July do not hurt most workers, but NDA Law managing director Andrea Michaels said the constant tweaking of rules was damaging people's confidence. "Even if you are not affected by the contribution caps, you may not understand the system because they keep playing with it, and that's a danger," she said.

The Australian Securities and Investments Commission's [moneysmart.gov.au](http://moneysmart.gov.au) website has calculators to help forecast your nest egg and retirement income and work out how extra contributions can boost your savings.

Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group

T 08 8130 5130 | F 08 8331 9161 | A 67 Kensington Road, NORWOOD SA 5067

E [admin@marinigroup.com.au](mailto:admin@marinigroup.com.au) | W [marinigroup.com.au](http://marinigroup.com.au)

ABN 54 083 005 930 5067 | AFSL No: 326403

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