

Aussie super savings hit – but don't be rash

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RETIREMENT savings took a battering in March, falling by nearly 9 per cent – but experts warn Australians not to make kneejerk reactions.

The financial fallout of the COVID-19 pandemic has been felt by investors, particularly those who have their finances invested in domestic and international shares.

New figures released yesterday by research house SuperRatings showed the median balanced option (60 to 76 per cent invested in shares) fell by 8.9 per cent in March. This balanced option was down 10 per cent over the March quarter.

That means for super members, if their balance dropped 10 per cent on \$100,000 tucked away, their balance would now be just \$90,000.

SuperRatings' executive director Kirby Rappell said many Australians had rushed to check their retirement balances but they should not make any rash decisions, such as switching their investment options from being invested in shares to the more conservative option of cash.

"Kneejerk changes to your portfolio could have a negative effect on your retirement," he said.

"Switching to cash will lock in losses and means you miss out on the upside when the market eventually recovers.

"We suggest members talk to their fund or financial adviser to ensure any decision is aligned with a long-term strategy."

Funds have been badly hit by the market's reaction, including social distancing, lockdowns and travel bans.

SuperRatings figures showed the median growth options that have a higher exposure to shares (77 to 90 per cent) fell by 12.5 per cent in March and 14.1 per cent over the March quarter.

Financial strategist Theo Marinis said the March fall was to be expected "given what we have gone through with the coronavirus closing down most of the economy". But now was not the time to panic sell or switch your super to a more conservative investment mix, he said.

"Don't act emotionally, although that's hard at the moment," Mr Marinis said.

"If you don't crystallise your losses, markets will come back eventually.

"It's the old story – stick to your long-term strategy."

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