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Growing your Wealth

Gearing in plain english

What is gearing?

In simple terms, gearing is borrowing to invest. The investment could be in direct shares, managed investments or property. Gearing is, in essence, directed towards producing a larger investment return by using borrowed funds, often in addition to your own funds, so that your financial goals can be achieved more quickly.

Gearing can be used as part of the overall investment strategy to help build your wealth.
It gives you greater potential to generate wealth because you have more money invested.

Did you know?

Gearing can be used to accelerate the process of wealth creation...

Gearing strategies allow you to make a larger investment than would be otherwise possible with your own funds, increasing the potential for capital gain.

While any gearing strategy should be approached with care and under the guidance and advice of a qualified professional – this can be a very effective strategy to growing your wealth.

Gearing can help you keep all the profits...

After you cover the cost of borrowing and tax, 100 per cent of the growth and the income you earn on the investment are yours to keep.

Tax advantages...

When you borrow to invest in income-producing investments, the interest on your loan is treated as an expense for tax purposes. This generally means that you can claim the interest as a tax deduction.

Who is gearing suited to ?

Gearing is best suited to people who are comfortable taking extra risk with their investments and those who can cope with potentially large fluctuations, both up and down, in the value of their investments.

Generally gearing is most appropriate if you:

- have a high level of comfort when it comes to investing,
- have a high disposable income, with a regular pattern of surplus income in a typical year,
- are prepared to hold your investments for at least five to ten years,
- can afford the interest repayments without relying on the investment, and;
- have funds, other than borrowed money, that can be accessed at short notice, should the need arise.

How does it work ?

Gearing aims to increase the investor's return by using borrowed funds in addition to their own capital.

It is an effective strategy if the after-tax capital gain and income return of the geared investment exceeds the after-tax costs of funding the investment.

It is best to gear against growth-based investments, such as shares and property, and gearing should always be viewed as a long-term strategy. You need to be able to retain the investment and maintain loan repayments for at least five to ten years to obtain the benefits of long-term growth.

The fundamental rule is that gearing an investment only makes sense if:

- the income received from the investment (after taxes and all expenses) is expected to increase in the future to cover the (after tax) cost of interest and give a reasonable return on the equity invested, or
- the market value of the investment asset (after taxes and expenses) is expected to increase at a rate that exceeds the negative cash flow (after tax).

Think for a moment...

If you are considering a gearing strategy to grow your wealth, talk to us!

We will provide the right advice and work with you to ensure that you are comfortable with gearing and that it meets your particular circumstances and financial goals.

Your success is our success...

CASE STUDY

Eva's Investment	Non Geared	Geared
Eva's equity	$100,000	$100,000
Amount borrowed	$0	$100,000
Total investment	$100,000	$200,000
Market rises by 10%		
Value of portfolio	$110,000	$220,000
Loan outstanding	$0	$100,000
Eva's equity	$110,000	$120,000
Market falls by 10%		
Value of portfolio	$90,000	$180,000
Loan outstanding	$0	$100,000
Eva's equity	$90,000	$80,000

Eva's story

Eva has recently received an inheritance of $100,000 from her grandmother.

Eva is 35, has surplus income and is a growth investor. She would like to use a gearing strategy so she can accelerate her wealth accumulation for retirement. Eva would like to borrow $100,000 and invest in an Australian share fund.

The table shows that gearing accelerates Eva's equity gains when the market rises. It also shows that her equity falls more when her investment is geared and the market falls, compared with her non-geared investment.

What you need to know...

Researching and planning wealth growth strategies that are right for you is the first step towards achieving your financial goals.

'We build and maintain strong partnerships with our clients; built on foundations of credibility, honesty, trust and the delivery of exceptional customer service'...

In line with our mission/service statement, we firmly believe that it is our duty to make you aware of all aspects of any investment prior to entering into it.

Here are some things we would like you to consider when deciding if gearing is right for you:

- Investment risk is increased with gearing. There is a greater opportunity for capital gain but also exposure to capital loss.
- Should your investment portfolio lose value, you may be required to repay the funds you have borrowed.
- To qualify for a tax deduction for the interest, the borrowing needs to be undertaken with the purpose of earning assessable income. If this is not the only motive then the interest deductions may be disallowed by the Australian Taxation Office.
- Where an investment portfolio is negatively geared, your cash flow is reduced because the investment income does not cover interest costs. Cashflow from other sources would be necessary to fund the loan.
- If the cost of borrowing increases or investment income decreases, you may need to cover the additional cost of borrowing from other sources.
- Capital gains tax may apply when an investment asset is sold.
- Income protection and life insurance are recommended to ensure the loan can be serviced if you fall ill, are unable to work or repay the outstanding debt in the event of death.
- Changes in legislation may reduce benefits currently available for gearing strategies, in particular in relation to interest deductibility.

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Maintaining your Lifestyle

Retirement income in plain english

What is retirement income?

During your working life you receive regular income in the form of a salary or business income. In retirement, this regular income stops, so you need to draw on your savings to meet your lifestyle costs. You set up your savings so you still receive regular payments, just like a salary. This is called a 'retirement income stream'. The type of income stream you can start at retirement depends on whether your savings are inside or outside of super.

The structure under which your retirement savings are held can have a significant impact on the amount of tax you pay and possible Centrelink entitlements.

Account-based pension

Payment of your superannuation savings in regular periodic amounts is called an 'account-based pension' or 'allocated pension'. An account-based pension starts when you transfer your superannuation savings into a pension account, and start to draw down on the money in a series of regular payments (income).
You can elect how much income you want to receive (above the minimum) and can continue to receive regular payments until all of your super savings are exhausted, or you pass away. If you die, the balance of your savings can be paid to your nominated beneficiary or to your estate.

How are your income and savings taxed?

If you are a member of a taxed super fund and you are 60 and over, all the income from your pension account is tax free. If you are under 60, a portion of your income may be tax free. Any amount that is taxable attracts a 15 per cent tax offset. Investment earnings and capital growth on your pension account are not taxed once you start your pension.

Will you have enough?

Each year, Australians are living longer due to improvements in medicine and changes to lifestyle. Life expectancy for a couple aged 60 now is 90 years old and rising. So even if you plan your retirement income strategy using today's average life expectancy, there is a good chance you'll live beyond this age.

Guaranteed income, for life

A new generation of products has been developed to provide you with a secure income during your retirement, every year for the rest of your life.
Some of the guarantees are designed so that they continue to pay you an income even if your own savings run out, and – if you choose – it will continue to pay this income to your spouse even after you die.
We can help you determine whether this type of product is right for your needs.

Annuities

An annuity is the exchange of a portion of your savings for a series of regular fixed payments. Annuities can be purchased with superannuation savings or money outside of super.

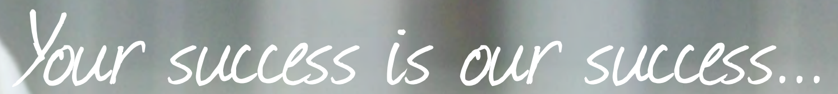
There are three main types of annuities:

- Fixed term pension or annuity pays you regular income for a set number of years.
- Life expectancy pension or annuity pays you regular income fixed for a term that is based on your life expectancy.
- Lifetime pension or annuity pays you regular income for the remainder of your life.

You can purchase these types of income streams individually or jointly. If you choose to start the annuity jointly with another person, you can only use money outside of super to do so. Your income remains the same each year, unless you include an option called 'indexation'. Indexation allows you to increase your annual payments based on a set percentage, such as 5 per cent per year or the Consumer Price Index (CPI).

How is your annuity taxed?

Your income is taxed based on whether you buy the annuity with super money or non-super money. For super money, if you are over the age of 60, all of the income is tax free. If you are under the age of 60, a portion of your income may be tax free. Any amount that is taxable attracts a 15 per cent tax offset. Once you purchase your income stream, you pay no tax on the lump sum you invest.



Should you use superannuation savings?

If you are going to start an income stream with money that is not invested in superannuation, there is no age restriction on when you can do this. However, starting an income stream with 'non-super money' may limit your income stream options to certain types of annuities and you may not benefit from the tax savings offered by superannuation. Your non-super savings may be structured to provide you with regular income, such as using direct property to receive rental income or shares to receive dividends, but you will not be taking advantage of superannuation tax concessions.

The purpose of superannuation is to save for your retirement. The government provides a number of tax benefits and concessions to encourage you to build your super savings, including:

- Certain types of contributions to super may attract a tax deduction or tax offset.
- Investment earnings are taxed at a maximum of 15 per cent (rather than your marginal tax rate), and capital gains at a maximum of 15 per cent.
- Your super benefits can be paid as a tax-free pension or lump sum when you reach 60 and satisfy the criteria to access your funds.

To ensure that superannuation is used for its intended purpose, there are strict rules that determine when you can access your savings and when you can start a retirement income stream with your super.

When can you access your super?

Generally, you can only access your super when you meet a condition of release, such as:

- you permanently retire from the workforce and reach a minimum age set by law, called your 'preservation age',
- you cease an employment arrangement on or after age 60,
- you reach age 65.

Depending on your circumstances, other conditions of release may apply.

Once you have satisfied a condition of release, you have a number of options:

- withdrawing your superannuation in full or in part,
- leaving your superannuation as it is, or
- starting an income stream.

Each of these options will have different consequences for your situation, such as the amount of tax you will pay, how long your money will last and your possible centrelink entitlements.

Think for a moment...

Imagine the lifestyle you would like to live when you retire and start planning NOW!

To develop a retirement strategy that will meet your desired retirement lifestyle, talk to us. We'll work with you to put the right strategies in place and put you on the path to reaching your goals.

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Managing your Money

Budgeting in plain english

What is a budget?

A budget is a plan that works out how you will manage your income and expenses. Maintaining a budget is a powerful way to control your money.

Do you need a budget?

A budget allows you to see how much money is coming in and going out. It helps you ensure there is enough money to cover your expenses and is an effective way to make sure you are not spending more than you can afford. More importantly, a budget can help you work out how much of your income you can put towards saving for your future, without impacting your everyday needs.

Everyone can benefit from having a budget...

The purpose is not to make you go without or to force you to save. It simply allows you to manage your money in a more controlled and effective way and to understand where you are spending your money.

Where to start...

Write down your normal income and expenses over the period of a month. Income can be grouped into categories such as work and income you receive from investments or other sources. Similarly, expenses can be grouped into categories such as food, clothes, entertainment and so on. This makes it easy to see exactly where your money is being spent.

A budget can help you decide what you want to spend your money on, and how much you can save.

Making your budget work...

This step-by-step guide will help you build a budget that works best for you. If you have combined expenses with a partner, it is important that you work it out together.

Choose a timeframe...

You could choose a weekly, fortnightly or monthly timeframe for your budget. Many people choose to budget on a period that matches their pay period, which makes it easier to match regular expenses with the money coming in.

Work out your total income...

It is important to know exactly how much income you receive. This influences how much you can spend. Include any income you receive from investments, investment properties, work and any other sources.

Calculate your expenses...

Document all your expenses, including amounts you pay towards any debt. Having a clear picture of where your money is going allows you to calculate how much you can afford to save. It also helps you identify areas where you may be spending too much.

Work out your surplus or deficit...

Subtract your total expenses from your total income. If your income is greater than your expenses you will have a 'surplus'. If your expenses are more than your income you will have a 'deficit' and you can look at the areas you need to change in order to get your budget back into 'surplus'.

Double check

- Be honest with yourself. Does your budget reflect what is actually happening?
- Is it realistic? If you think your budget is not quite right, then make alterations so it is accurate.

Track and update...

Keep track of your expenses and your income, and if anything changes update your budget. If something unexpected comes up, add this to your budget, and see if you are able to get back on track without disruption or delay. Most importantly, review your budget thoroughly at least twice a year. This will help you maintain control of your money and prevent you running into unnecessary cash flow problems.

Sticking to your budget...

Be realistic

If your budget is too strict, it will be harder for you to stick to it.

Spend less than you earn

If you have a cash deficit, review your expenses and cut back where you can.

Include your goals

If you are planning an expensive holiday (or other savings goal such as home renovations or a new car), include these expenses in your budget and start saving.

Review your progress

Check how much is left in the bank each month and how much you have spent. Compare this with your budget to see how you have fared. If your budget differs from reality, you may need to make some adjustments.

Reward yourself

Managing your money in an effective way takes practice. When you are comfortable that your budget is accurate and you are able to stick to it, reward your hard work and treat yourself!

What if the unexpected happens?

Life always has a way of throwing us surprises. The financial consequences of these should not be understated. Try to keep a buffer in your budget so that when this does happen you will be able to minimise any financial strain.

Remember, if something does happen that turns your budget upside down – don't panic. Staying calm and working out how to manage unexpected circumstances is the best way to regain control of the situation.

Think for a moment...

If you are developing a budget, you might like to download our free budget planner, available from crestfs.com.au

If you would like assistance with your budget, talk to us. We'll work with you to achieve the right budget that puts you on the path to reaching your financial goals.

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Preparing for Retirement

Transition to retirement in plain english

What is transition to retirement?

Transition to retirement is a strategy that can help you to reduce your tax obligations and boost your retirement savings through salary sacrifice.
This is achieved by drawing a pension from your superannuation using the 'transition to retirement' condition of release.

Everyone who is of preservation age (currently 55) but less than 65 years of age is eligible to commence a non-commutable allocated pension (NCAP).

Did you know ?

Non-commutable allocated pensions (NCAPs) have been popular since the federal government's transition to retirement rules were introduced in 2005. This is because NCAPs allow older Australians access to their preserved super benefits without having to retire.

Benefits of this strategy...

Key benefits of an NCAP strategy may include:

- the opportunity to maintain your current income and boost your retirement savings through salary sacrifice,
- supplementing your income while reducing your work hours and gradually transitioning into retirement, and;
- favourable tax rates that apply to pension payments for those aged 55-59.
- tax free income for those aged 60 years or over.

Save you tax...

The benefit of an NCAP strategy comes from the differing tax rates that apply to regular income, superannuation and pensions.

Lower rates of tax generally apply to super, compared with the marginal tax rates on income. This advantage is further increased because any investment earnings in an NCAP will be tax free.

How does it work?

There are two main parts to a transition to retirement strategy:

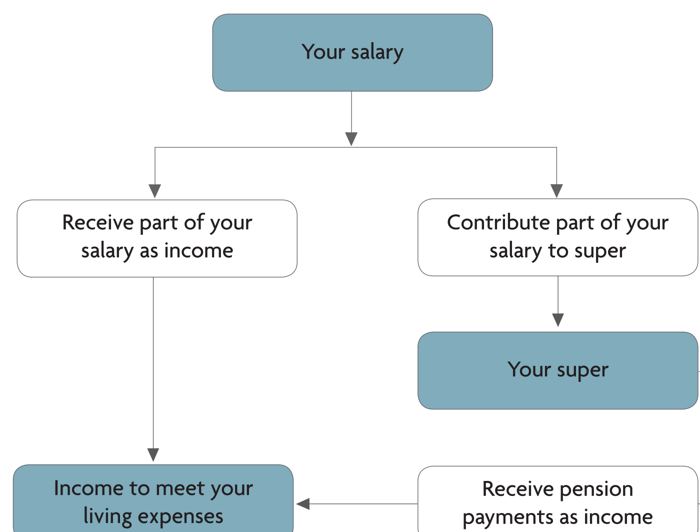
- Directing a portion of your salary into superannuation, known as salary sacrifice.
- Replacing the income you direct into superannuation with a regular payment from your super savings, other wise known as a 'pension'.

A transition to retirement strategy changes the way you receive your income. Instead of receiving your income from one source (your employer), you receive income from two sources (your employer and your superannuation savings).

Your superannuation pension is taxed at more favourable rates than your salary. So, to replace your salary with a pension, you can draw a smaller amount from super and receive the same amount in your pocket. This means that your superannuation savings should still grow each year.

Pulling it all together

A transition to retirement strategy can be an effective way to boost your superannuation savings. But how much your savings grow will depend on the contributions you make into super through salary sacrifice, compared with the amount you withdraw as your pension.
If you take out more money than you put back in, your savings will decline in value. This will result in you having less money to fund your retirement when you stop working altogether.



Transition to retirement in action

Results	No transition to retirement	Transition to retirement
Gross Salary	$60,000	$60,000
Less salary sacrifice	$0	($24,380)
Pension Income	$0	$20,000
Less tax paid on salary and pension	($11,847)	($7,196)
Net income	$48,153	$48,154
Tax paid on super contribution	$0	$3,567
After tax contribution to super	$0	$20,994
Total tax paid	**$11,847**	**$10,853**

Michael's story...

Michael has reached 55 and starts a transition to retirement strategy.

Michael's gross salary is $60,000 per year. He has accumulated $200,000 in super savings, and elects to use the full amount to start a non-commutable pension.

Together with Michael's pension income, he can salary sacrifice $24,380 per annum and still receive the same amount of money in his pocket.

After a year, the transition to retirement strategy has resulted in:

- Michael paying $994 less tax.
- An increase of $994 in Michael's superannuation balance (a withdrawal of $20,000 and an after tax contribution of $20,994).
- The income that Michael has earned on the $200,000 in his pension account will not be taxed (if these funds remained in his super account, the earnings would be taxed at 15 per cent).

Use part of your super to start a pension

Pension

Think for a moment...

If you are looking to retire in the near future, a transition to retirement strategy might be the right solution for you to maintain your income and lifestyle as you move towards retirement.

Talk to us. We'll work with you to achieve the right balance and determine whether a transition to retirement strategy is right for you.

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Protecting your Wealth

Insurance in plain english

What is insurance?

Insurance is a way to protect yourself, your family and your possessions if something goes wrong. It enables you to replace or repair your assets, whether those assets are your belongings or your capacity to earn income.

Everybody's circumstances are different, but insurance is important for everybody. Your need for insurance will change as you move through the different stages of your life.

There are various types of insurance available to provide you and your family with comfort and peace of mind.

Did you know ?

There are various types of insurance.
Where a car or home/contents policy allows you to insure your possessions, personal insurance policies enable you to insure yourself and your ongoing financial wellbeing.

Personal insurance provides protection against sickness, injury and death. Some of the types include:

- Life insurance,
- Total and Permanent Disability (TPD) insurance,
- Trauma insurance, and;
- Income protection (salary continuance).

While insurance doesn't remove the risk of something going wrong, it provides you and your family with the comfort that you are protected, compensated and financially secure if something unexpected happens.

The amount of cover you need is affected by:

- your income,
- your cost of living,
- your assets,
- your liabilities,
- your family status (whether you are married, in a de facto relationship or single, number of dependants).

Think for a moment...

If you are considering insurance to protect you and your family's financial future, talk to us. We'll work with you to find the right insurance and the best level of protection for your needs.

Life Insurance...

Life insurance protects your family by providing a lump sum if you die. Most people think that life insurance is only for the main income earner, but the person who takes care of the home and family is also a large contributor and should also consider insurance.

TPD Insurance...

Total and Permanent Disability (TPD) insurance cover provides a lump sum payment if you suffer a disability before retirement and you're unable to:
- work again, or;
- work in your usual occupation or chosen field of employment.

Trauma Insurance...

Trauma (or critical illness) insurance provides a cash lump sum if you suffer a specified illness or injury. Advances in medical treatments have increased the need for trauma insurance. With an improved chance of survival you are also more likely to have substantial medical bills and a possible rehabilitation period.

Income Protection...

Income protection insurance (also known as salary continuance or income replacement) provides a monthly payment to replace lost income if you are unable to work due to injury or sickness.

Can be purchased inside or outside of superannuation. Many super funds provide life insurance. Your employer has an obligation to offer you a super fund that provides a minimum level of death cover. You can choose to maintain this cover, increase it or opt out.

Tax treatment

Outside super

- Premiums are generally not tax deductible.
- The benefit payment is tax free.

Inside super

- Premiums are tax deductible for the super fund.
- The benefit payment may be taxed, depending on who receives it.

Can be purchased as an add on, or as a stand alone policy.
You can buy TPD as an add on to term life insurance, or as a stand alone product.
You can also get TPD as an extra benefit from your super fund or as part of a trauma insurance product.

Tax treatment

Outside super

- Premiums are not tax deductible.
- The benefit payment is tax free if paid to the injured person or their relative.

Inside super

- Premiums are tax deductible for the super fund for an any occupation definition.
- The benefit payment you receive may be taxed.

Stand alone policy or additional options
Trauma insurance is usually purchased as a stand alone policy, but can be purchased with additional options, such as a TPD benefit. Trauma insurance is generally not available through superannuation.

Tax treatment

- Benefits are tax free.
- There is no restriction on how you use the payments.

Level of cover: Generally, the maximum allowable cover is 75 per cent of your gross wage.
Benefit period: The longer the benefit period, the higher the premium.
Can be purchased inside or outside of superannuation. Income protection is available through your super fund or can be purchased as a stand alone policy outside of super.

Tax treatment

- Premiums outside super are generally tax deductible.
- The payments received are considered income and are subject to tax.

Insurance as part of your superannuation...

Life, TPD and income protection insurances are all offered within superannuation. If your insurance is held within superannuation, the cost of the premiums is deducted from your superannuation balance.

It is important to work out the best way to structure your insurance, whether inside or outside superannuation, or a combination of the two.

Benefits to having insurance in your superannuation include:

- automatic acceptance – there's no need to complete medical checks (select funds only),
- potential bulk discounts available through superannuation funds, and;
- tax deductibility – some contributions to superannuation attract a tax deduction, so you may be able to pay your premiums by making tax deductible super contributions.

Disadvantages of having insurance in your superannuation include:

- possible limitations on the level of cover,
- potential delays in the payment of benefits in the event of death, and;
- possible high tax rates – superannuation death benefits paid to a non-dependant may be taxed at up to 31.5 per cent.

Keep your insurance up to date...

Insurance is not static, and your need for cover will change as you move through different stages in your life. As part of Crest's service commitment to you, we will review your needs and objectives regularly and ensure that you are adequately protected in line with any changes in your circumstances.

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Investing in your Future

Superannuation in plain english

What is Superannuation?

Superannuation, or 'super', is a way to save money for your retirement. It is important to understand how much super you'll need, and how to best manage the money for your retirement.

Through super, you can hold a wide range of investments such as shares, property and cash.

Superannuation is attractive because it receives favourable tax treatment, both when you are working and once you have retired. The government offers these tax savings to encourage you to build your super assets.

Did you know?

The tax benefits of superannuation include:

- Contributions made to super may attract a tax deduction or tax offset.
- Investment earnings are taxed at a maximum of 15 per cent, rather than your marginal tax rate of up to 46.5 per cent. Capital gains are taxed at a maximum rate of 15 per cent.
- Your super benefit can be paid as a tax-free pension or lump sum when you reach 60 and satisfy the criteria to access your funds.

How much superannuation will you need?

The amount of money you will need in retirement varies from person to person, and depends on:

- the kind of lifestyle you want
- other income options in retirement (such as part-time work or payments from other investments) that will supplement your super, and;
- the age at which you would like to retire.

Imagine what you would like your lifestyle to be like when you retire and **start planning NOW!**

If you were to contribute just $25 a week into your super (after tax) for the next 30 years, your super account could end up $62,000* better off at retirement than someone who relies solely on their employer's minimum contributions. That's more than enough to cover a year's worth of retirement.

* The projections in this example are based on various assumptions, including but not limited to: Result shown in today's dollars, marginal tax rate of 31.5%, earnings rate of 7%, inflation of 2.5%, no change in tax rates, no indexation of salary, no tax offsets taken into account, no ongoing administrative fees included, does not take into account end benefit tax.

How does it work?

You invest into super by contributing money into a superannuation fund. Contributions can be made by you, your spouse, or your employer. There is a wide range of superannuation funds to suit your individual needs, and we can help determine which one is right for you.

Employer contributions...

If you are an employee, your employer will generally be required to pay superannuation contributions on your behalf. These contributions are called 'superannuation guarantee', and are compulsory for most employees.

If you are eligible for superannuation guarantee, your employer's compulsory contributions must be equivalent to at least 9 per cent of your gross salary. For example, if you earn $40,000 a year, your employer must put at least $3,600 a year – or $900 per quarter – into your superannuation account. Some employers may contribute more to your superannuation, depending on the terms of your employment.

If you are self-employed, you do not receive superannuation guarantee contributions but you may be eligible to claim a tax deduction for personal contributions.

Personal contributions...

You can add your own money to your employer's contributions to increase your superannuation savings through 'salary sacrifice'. The contribution is made by your employer who pays part of your salary to your super fund, instead of paying it to you. You tell your employer how much you want to sacrifice and choose to take less salary.

The amount you elect to sacrifice to superannuation comes off your gross salary, and may result in a tax saving. This tax saving comes about because, for most people, the tax saved on the forgone salary exceeds the tax that is paid when the equivalent amount is contributed to superannuation.

You can also choose to make personal contributions to your super from your after-tax income.

It is also possible to contribute to your spouse or partner's superannuation. This type of contribution may entitle you to a tax offset, depending on how much your spouse earns.

How are superannuation contributions taxed?

Contributions are generally broken down into two categories:

1. Tax-deductible, also known as concessional contributions. Tax of 15 per cent will be deducted from the contribution as it enters the fund. This includes employer contributions and any contributions for which you can claim a tax deduction.
2. Non tax-deductible, known as non-concessional contributions. No tax is deducted from the contribution upon entry to the fund, provided that your contributions are within specified limits.

The amount of all tax-deductible contributions that can be made in any one financial year depends on your age. If you are:

- Under age 50 at the end of the financial year: the cap is $25,000.
- Over age 50 at the end of the financial year: the cap is $50,000 until 2011/12, then $25,000 (indexed) in the 2012/13 and future financial years.

The amount of all non tax-deductible contributions that can be made to superannuation in any one year is $150,000. If you are under 65 years of age, this can be averaged over three years to allow for a contribution of up to $450,000.

When can you access your superannuation?

Generally, you can only access your super when you permanently retire from the workforce, and also reach a minimum age set by law, called your 'preservation age'. Ask us about other conditions of release.

Can you access your superannuation and continue to work?

If you have reached your preservation age, your fund can let you draw on your superannuation without having to retire permanently from the workforce. This means you could continue working and use some of your superannuation to supplement your income, instead of leaving the workforce altogether.

If you choose to keep working, you will have to receive your superannuation as a particular type of pension. These pensions, known as 'non-commutable' pensions, provide you with a regular payment and cannot be cashed as a lump sum – if this looks like something you might be interested in, please ask us for more information on 'Transition to Retirement'.

However, if you select a non-commutable allocated pension, you will be allowed to take a lump sum once you retire or reach 65 years of age. You can also stop the pension and put your benefits back into your superannuation fund (for example, if you decide to go back to full-time work).

Think for a moment...

Imagine the lifestyle you would like when you retire and start planning for it now! Talk to us about the best superannuation plan for you. We'll work with you to put a plan in place that best meets your goals, so you can enjoy the rest of your life with total financial peace of mind.

FINANCIAL SERVICES

Superannuation withdrawals...

Once you have determined that you can access your super benefits, you need to consider the tax consequences associated with accessing your money.
The amount of tax you pay depends on your age at the time of the withdrawal, the amount you take out and the superannuation component from which the withdrawal is taken.

Managing your own superannuation fund...

A self-managed superannuation fund (SMSF) has the same purpose as other super funds – to provide retirement benefits for its members.
Like all super funds, an SMSF is a trust. A trust is a legal arrangement where assets are managed by a person, a group of people, or a company, for the benefit of other people.

How is an SMSF different?

The main difference between a self-managed fund and other types of super funds is the control of the fund. All super funds are controlled by a trustee, but in the case of industry funds, employer funds or personal funds, the trustee is an institution or large entity, such as a company. With an SMSF, the trustees are the members of the fund.

Perhaps the most influential difference with an SMSF is that you have greater control over the investment of your super savings. This is because you are making the investment decisions.

Would an SMSF suit you?

An SMSF is not for everyone. It provides additional control to its members, but it is important to remember that with the additional control comes added responsibility. An SMSF is only appropriate if you have the time, the desire, and the expertise to manage your super affairs correctly.

"Working together for your future"

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