



Simplifying Super

Investment and Financial Services Association

Spend the best years of your life

Contents

- What is super
- Why do I need super
- Maximising your super
 - 1. Choose your investment – Investment Game
 - 2. Add to your super
 - 3. Consolidate
- My retirement options
- Where can I get help?

What is super?

*A tax effective way
to invest for the long term*

→ Some restrictions:

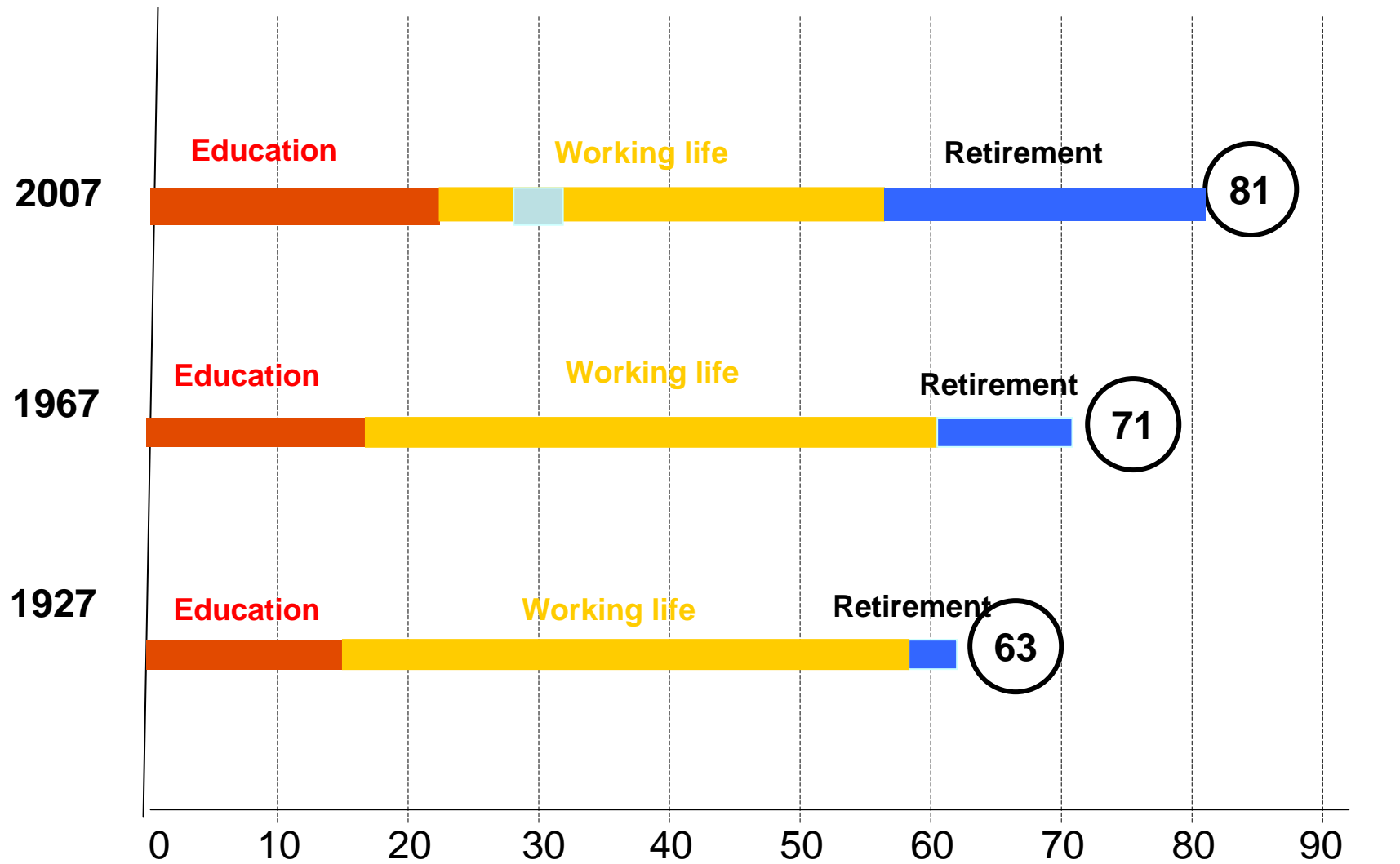
→ Locked in until age 55-60

→ Cannot borrow against super (“gear”)

→ One BIG advantage:

→ Pay less tax!

You could spend one third of your life in retirement



How much super do you need for a comfortable lifestyle?

	Single Male aged 65	Couple aged 65
Super balance	\$476,000	\$685,000
Super income	\$34,130 p.a.	\$42,940 p.a.
plus Age Pension	\$870 p.a.	\$4,060 p.a.
= Income required	\$35,000 p.a.	\$47,000 p.a.



Assumptions: Return 7% pa. less 1% fees. Nil earnings tax. Inflation 3.0%. Super payments indexed at 3% and paid continuously for life expectancy. Super balance rounded to nearest \$1,000, payments to nearest \$10. Life expectancy ALT2000-02. Male expectancy for singles, female for couples. Centrelink Age Pension at 1 July 2006 including Pharmaceutical Allowance, asset test treatment from 20 Sept 2007 as announced in 2006 Budget. No other assets or income.

Why do you need super?

Ageing Population....



Today, there are 5 working Australians* for every person aged 65+



In 2031 there will be 3 and a half

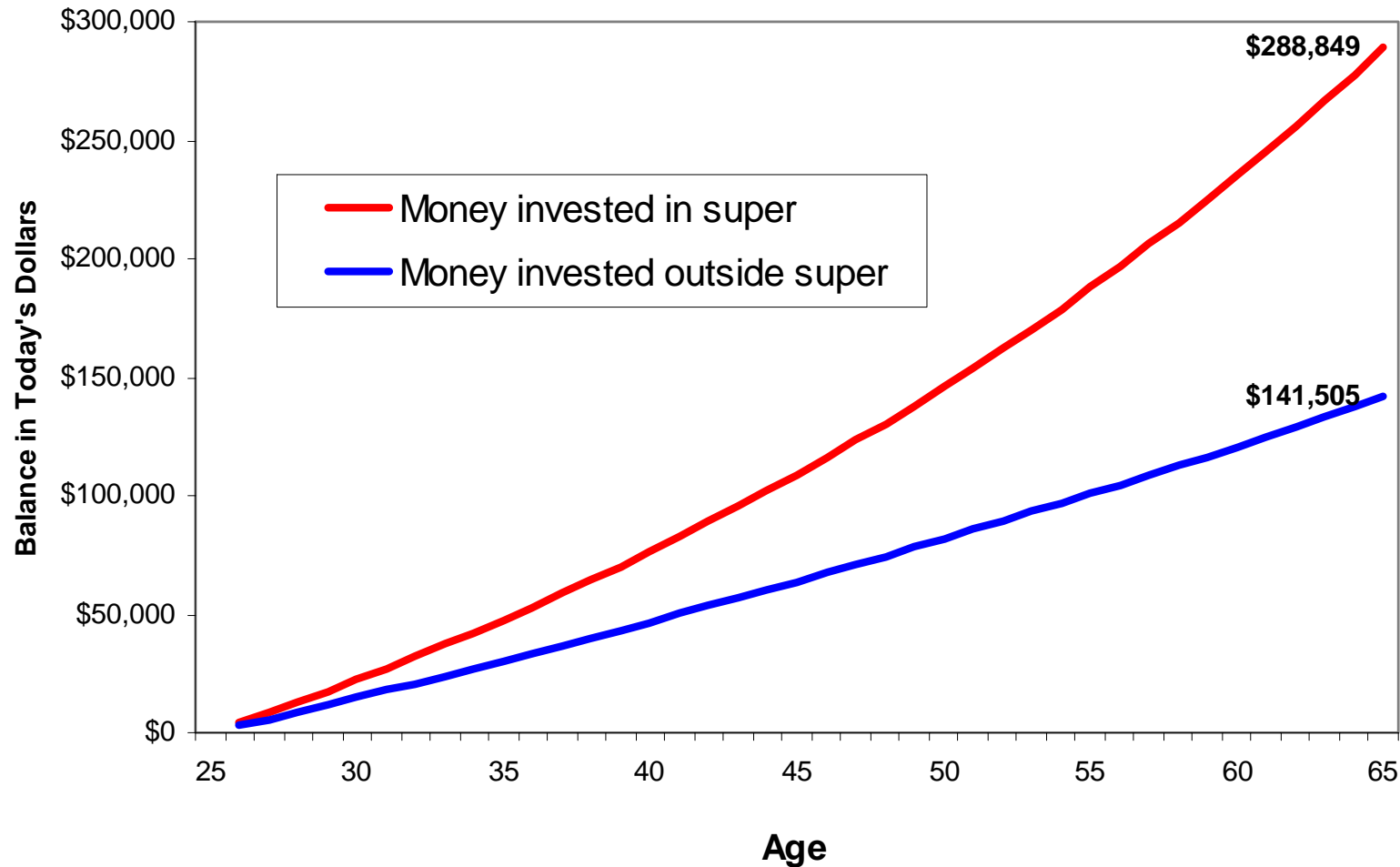


By 2051 there will be just over 2

Why is super the best way of retiring comfortably?

- Super
 - 15% on the way in
 - 15% on performance returns
 - 0% on withdrawals from age 60
- Outside super
 - Up to 46.5% on the way in
 - Up to 46.5% on performance returns
 - Up to 46.5% on withdrawals and performance returns from age 60

Super is very tax effective



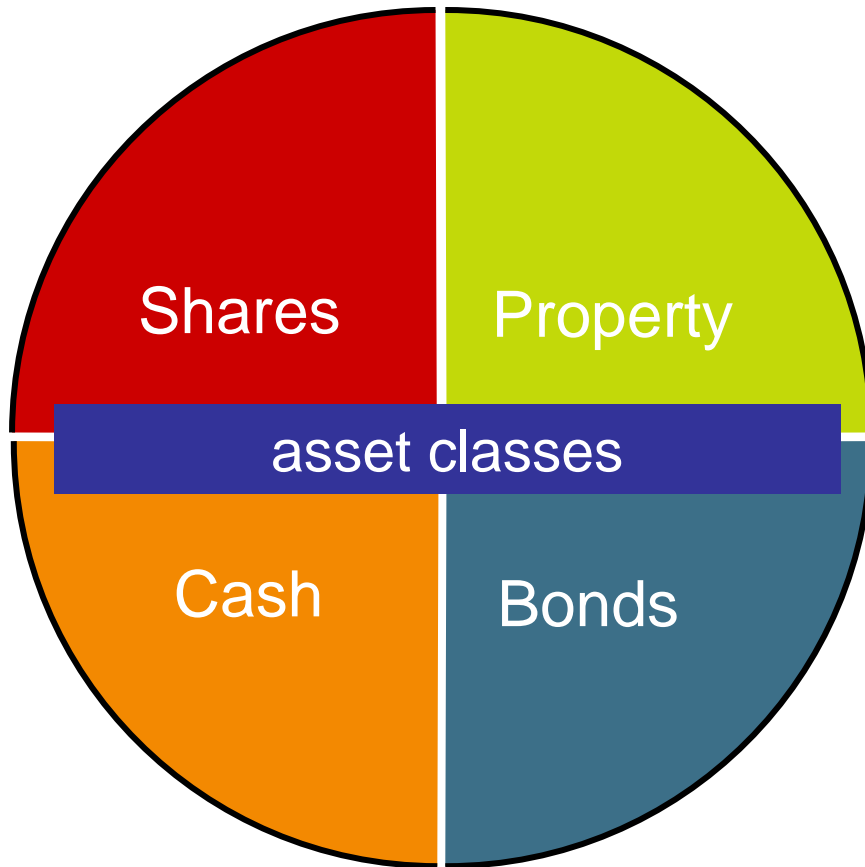
Assumptions: Invest \$5,000 (today's \$) of pre-tax salary per year from 26 – 65 i.e. \$4,250 super and \$2,925 non-super. Same gross earning rate of 6% pa for super and non-super. Inflation of 2.5%. Contribution tax of 15% and marginal tax rate 41.5%. No tax on end balance.

Maximising super

*Some simple strategies
can make a big difference*

1. Choose an appropriate investment
2. Salary sacrifice
3. Take advantage of the government co-contribution
4. Consolidate

1. Your investment choice



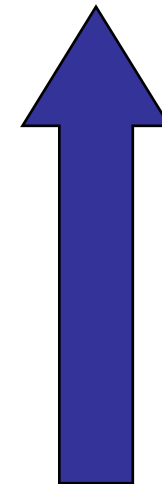
Short term: High volatility
Long term: High growth



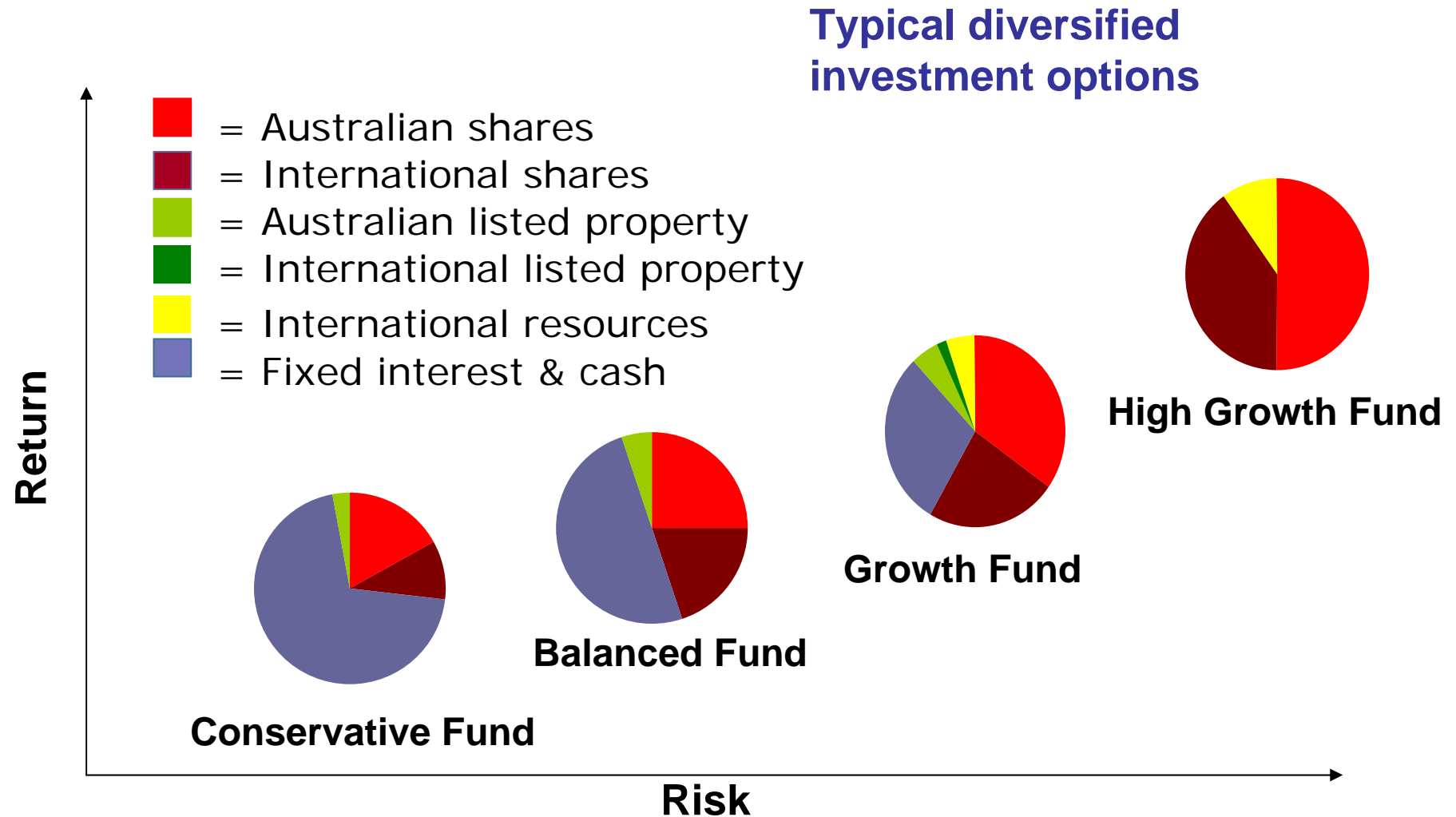
Short term: Low volatility



Long term: Low growth



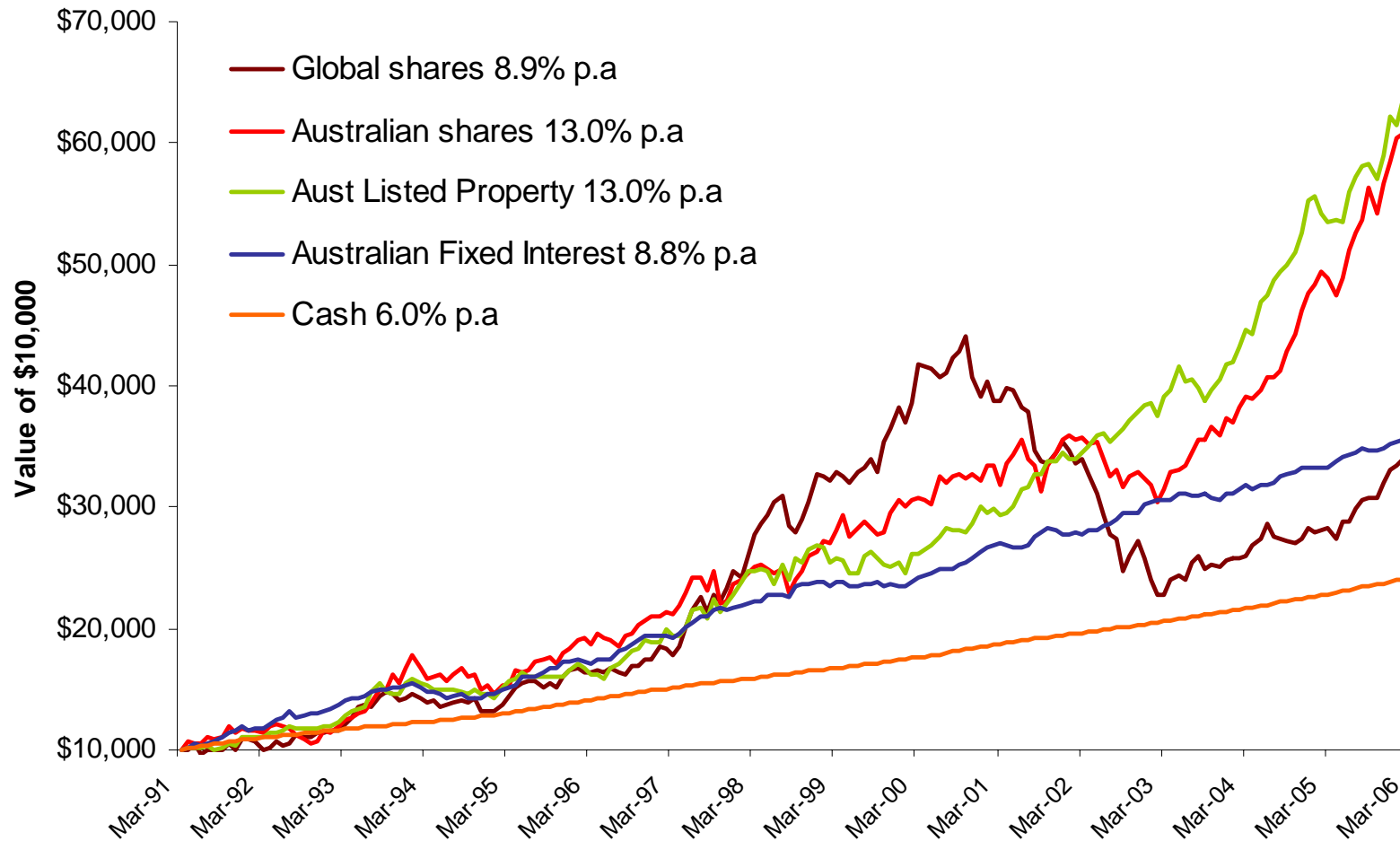
1. Your investment choice



Allocations represent Colonial First State's benchmark allocations as at June 2005
(Note Growth Fund above = the CFS "Diversified Fund").

What can I invest in?

Value of \$10,000 invested from Mar 1991- Mar 2006
15 year annualised returns

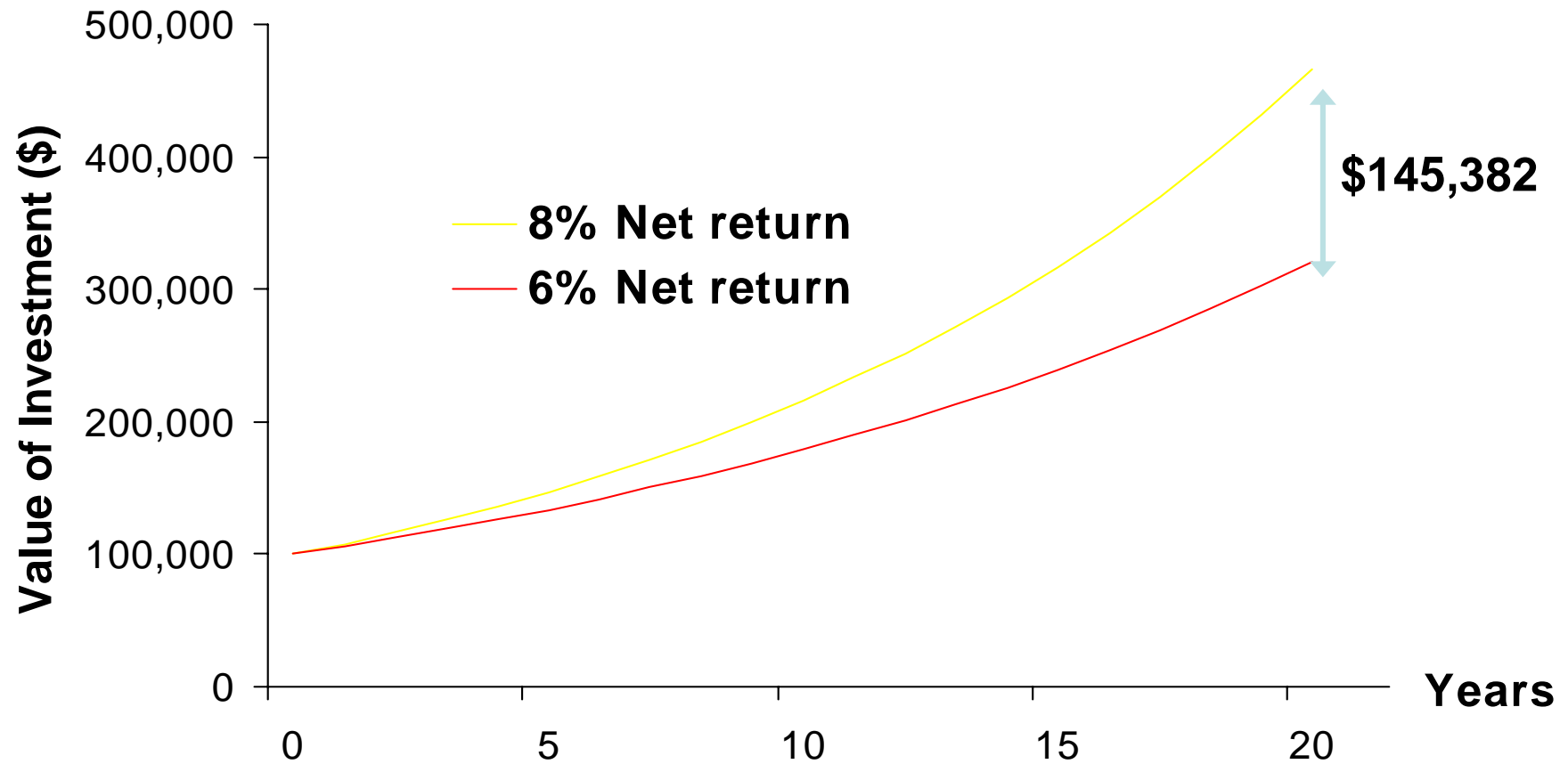


Past performance is not an indication of future performance



Source: UBS Australia Bank Bill Index (91 day Commonwealth Treasury Note Index pre Jan 1999), UBS Australian Composite Bond Index, S&P/ASX 200 Property Accumulation Index (ASX Property Accumulation Index pre April 2000), S&P/ASX 300 Accumulation Index, (ASX All Ordinaries Accumulation Index pre April 2000), MSCI World Price Index (A\$), and the SSB World Government Bond Index *ex Australia Hedged to A. All dividends reinvested excluding fees and charges

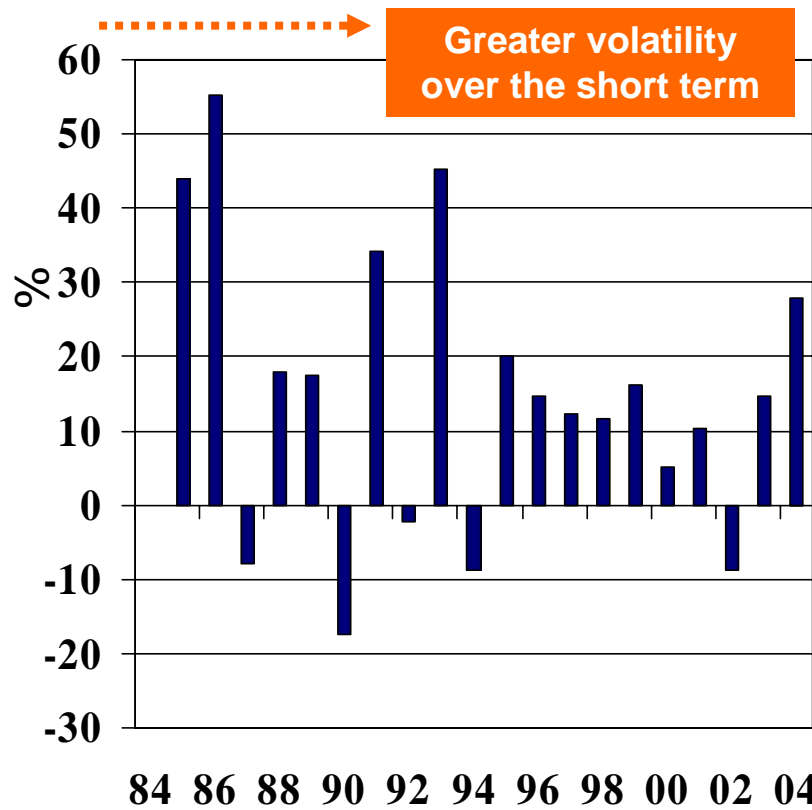
An extra 2% can really make a difference



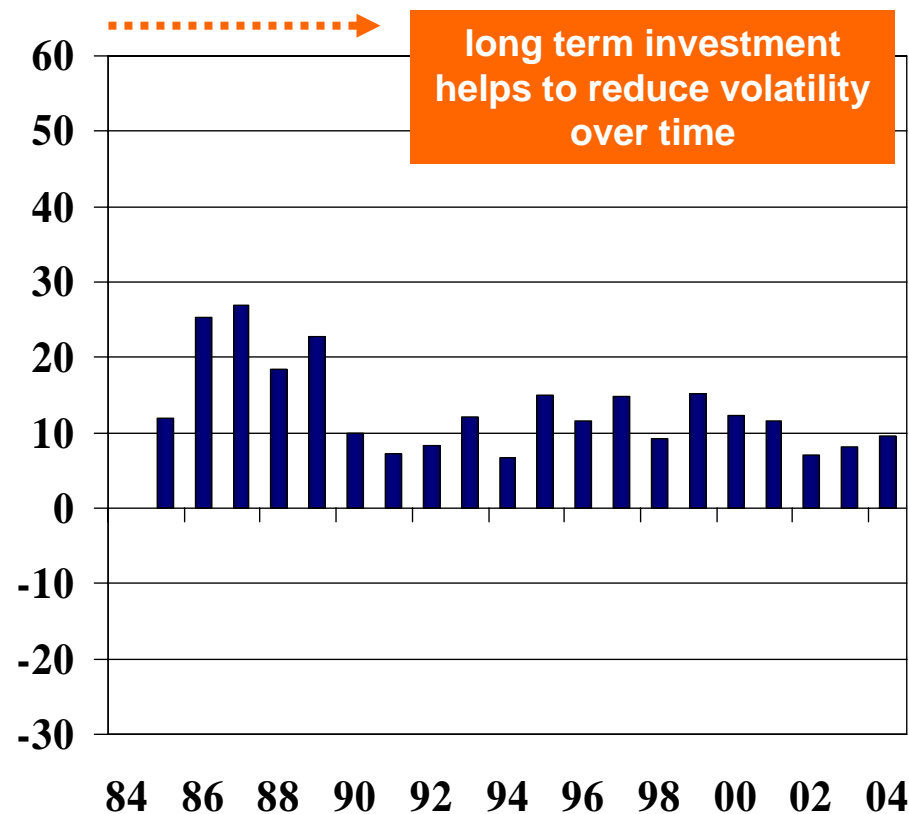
What about risk?

Don't avoid or ignore risk – understand it. Then put it to work for you

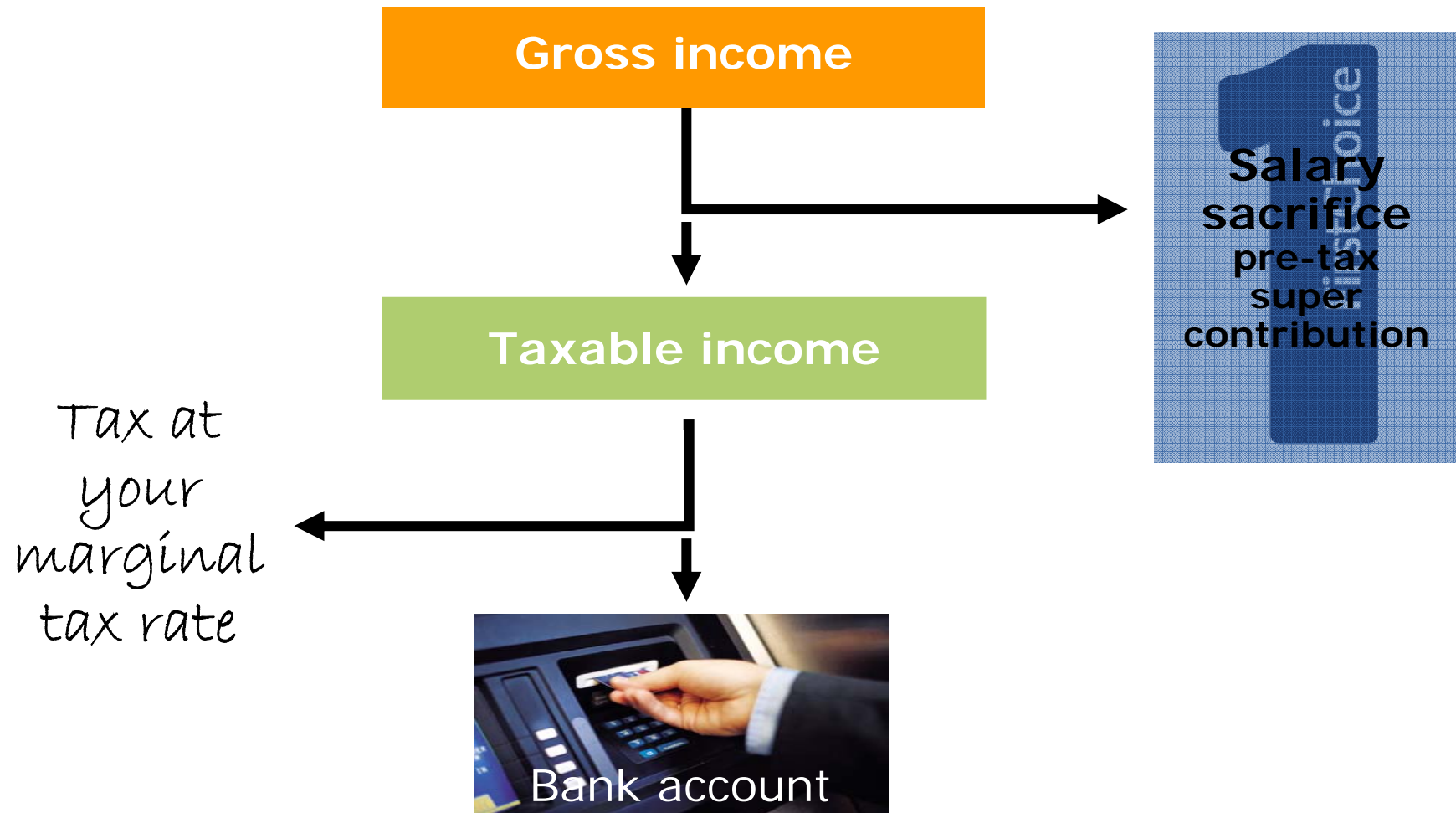
Australian shares: one year returns



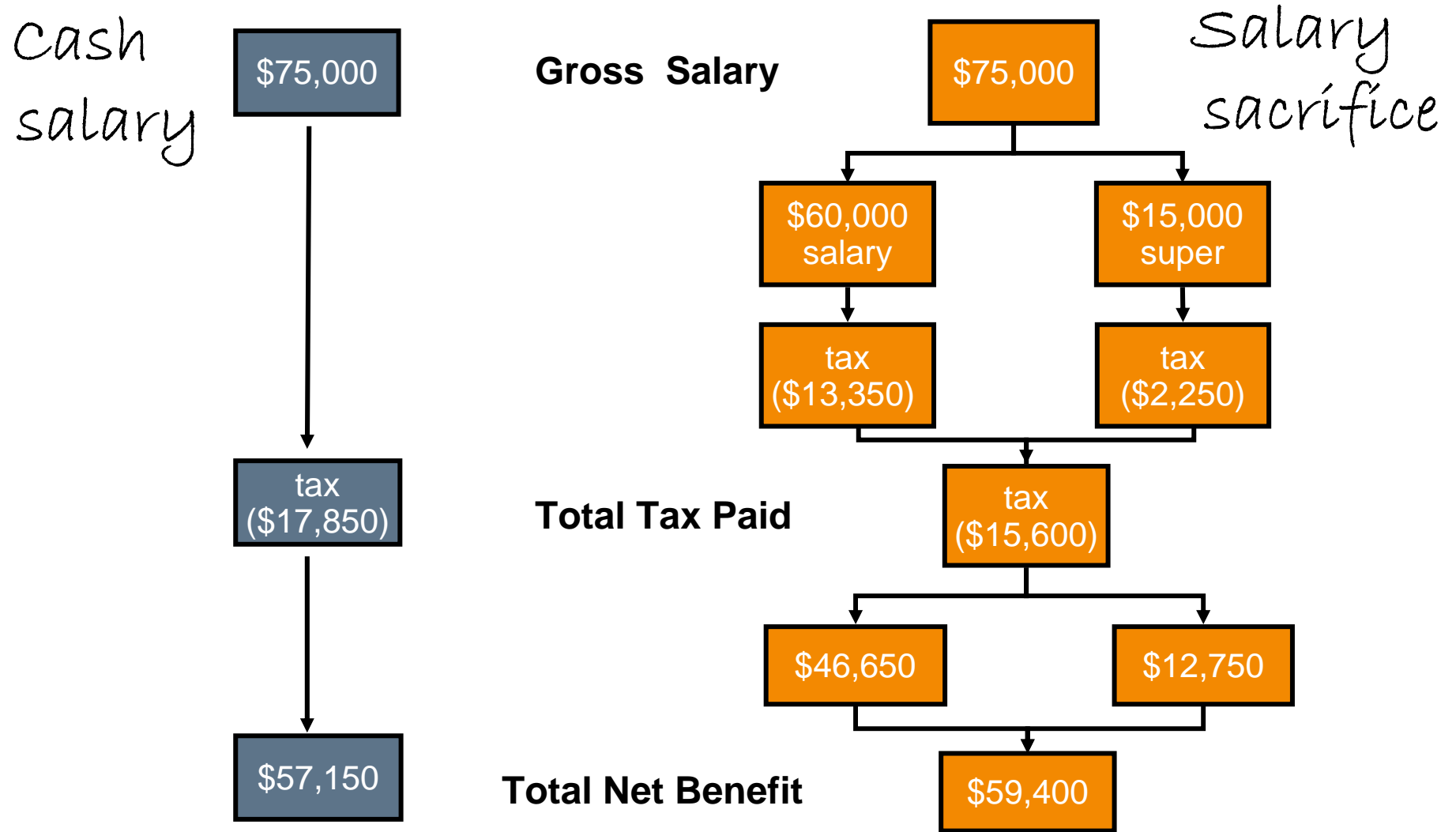
five year returns



2. Sacrifice some salary into super

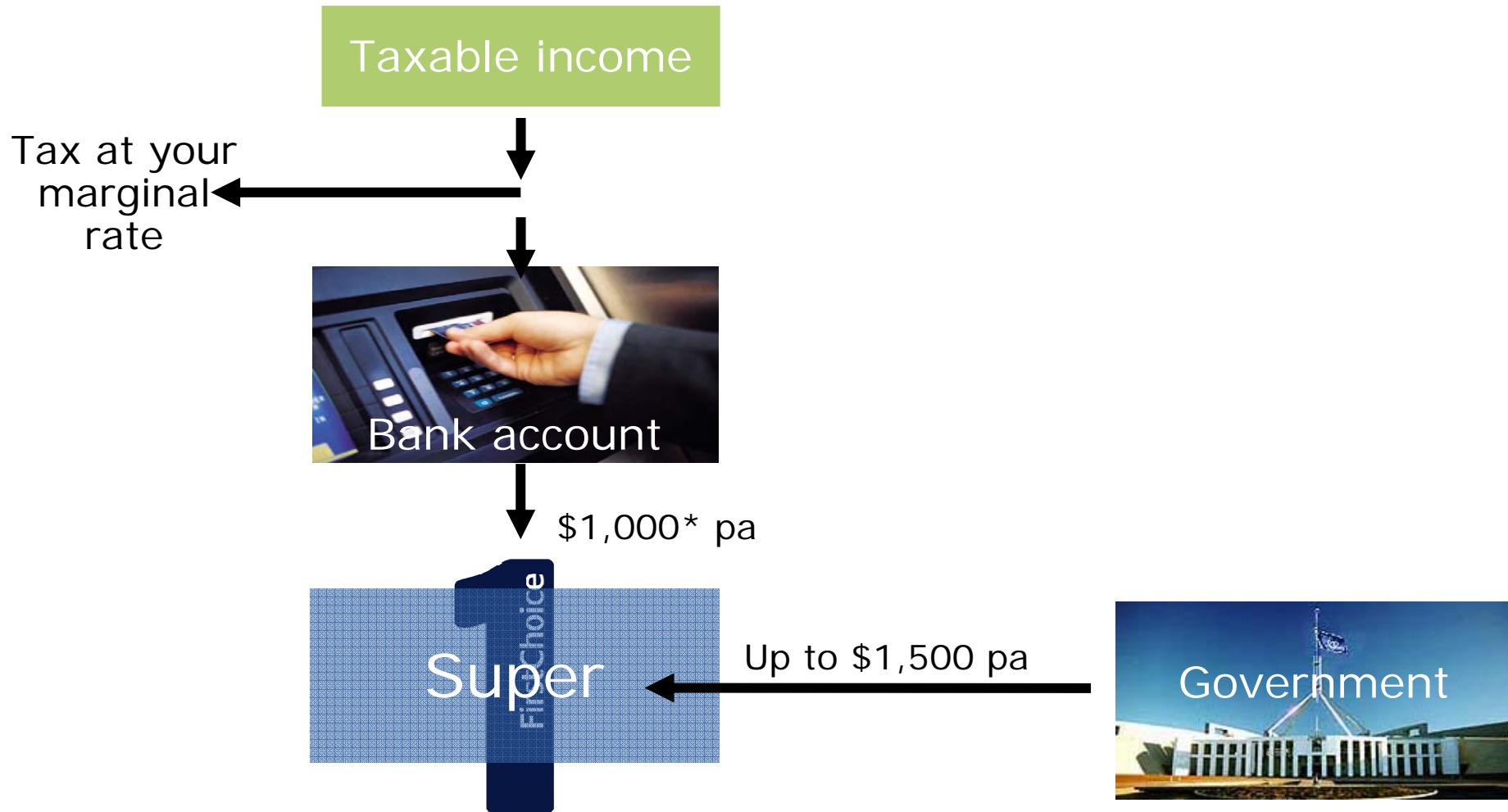


Sacrifice some salary into super



Assuming no other income. Marginal tax rates post 1/7/2006 ignoring Medicare Levy.
 Lump sum tax currently payable on withdrawal from super – 2006 Budget announced this tax will be scrapped if >60.

3. Co-contributions



*After-tax super contributions: maximum \$150,000 pa from 9 May 2006 (can be averaged over 3 years)

3. Take advantage of the government's co-contributions

If your personal super contribution is:			
	\$1,000	\$500	\$200
And your income is:	Your super co-contribution will be:		
\$28,000 or less	\$1,500	\$750	\$300
\$30,000	\$1,400	\$750	\$300
\$34,000	\$1,200	\$750	\$300
\$36,000	\$1,100	\$750	\$300
\$38,000	\$1,000	\$750	\$300
\$40,000	\$900	\$750	\$300
\$50,000	\$400	\$400	\$300
\$58,000 or more	\$0	\$0	\$0

4. Consolidate

Missing something?

- \$ 1 in 3 workers have lost track of their super
- \$ there are over 5 million lost super accounts...
- \$...with more than \$8 billion dollars of unclaimed super!

Find your lost super

Free Search with the ATO Lost Member Register

Phone: 132 865

Online: www.ato.gov.au/superseeker

4. Consolidate

The average Australian has 3 super funds

- Most super funds offer a free service to help you to rollover other super
- Having super in one fund means:
 - easier to track
 - easier to set investment strategy
 - can save on fees

Maximising super

Three things you can do now

1. Choose your investment
2. Add to your super
3. Consolidate

My retirement options

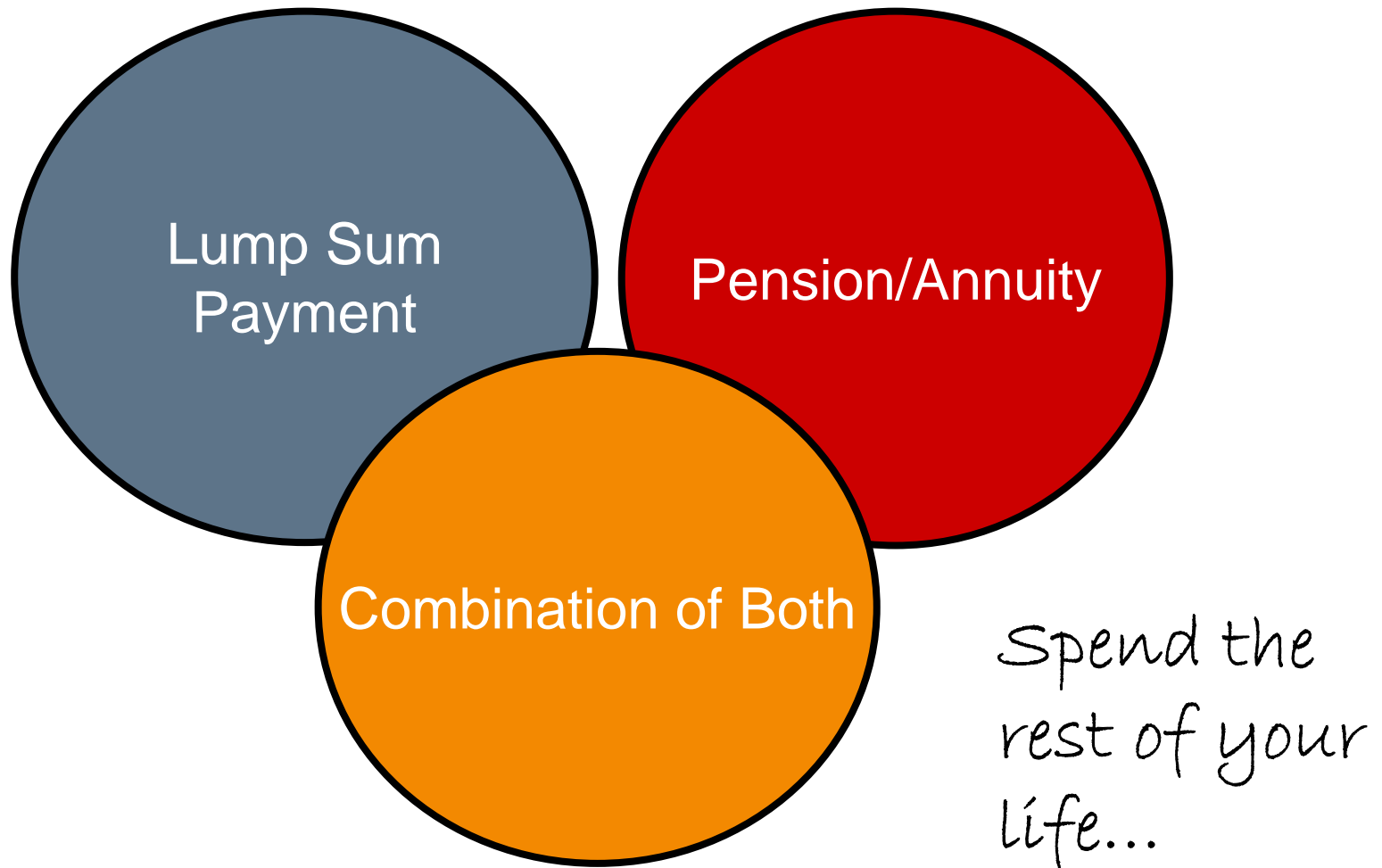
How long will I spend in retirement?

1961:	Males	12 years	to age 77	
	Females	16 years	to age 81	
2001:	Males	18 years	to age 83	+42%
	Females	21 years	to age 86	+34%



All figures are life expectancies from age 65 rounded to nearest year.
Source Australian Institute of Health and Welfare, from Australian Life Tables 1960-06 and 2000-02.

My retirement options



My retirement options

*New rules from 1 July 2007**

- No tax in retirement on:
 - super withdrawals (if retire 60+)
 - lump sum withdrawals (if retire 60+)
 - income from pensions and annuities (if retire 60+)
- Flexibility eg. allocated pension
 - capital accessible at any time with no penalty
 - control over your investments

Where can I get help?

For information...

→ Your super fund website, or www.ifsa.com.au, www.asfa.asn.au/guru,
or www.ato.gov.au/super

For professional financial advice...

→ Ask your super fund, or

→ Financial Planning Association

Phone: 1800 626 393

Online: www.fpa.asn.au/Findaplanner

Free “Good Advice” pack 1300 729 623 or www.goodadvice.com.au

Where can I get help?

Ask your financial adviser...

- How much do I need to contribute?
- The best way to set up super with my spouse
 - spouse accounts, spouse tax rebate
- Which investments?
- How much insurance?
- Which retirement option?



Disclaimer

IFSA ABN 82080744163

We are legally required to disclose the following disclaimer:

The information contained in this presentation and related handouts is general information and has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should assess whether the information is relevant to you and consider talking to a financial adviser before making any investment decision.

The information contained in this presentation is prepared in good faith based on sources believed to be accurate. However, IFSA, its member companies, or any of the employees, officers or directors do not give any warranty of reliability or accuracy, and, to the extent permitted by law, are not responsible for any errors or omissions (including those due to negligence) contained in the presentation.

Taxation considerations are based on the continuation of present laws and their interpretation. The tax consequences of any investment will depend on individual circumstances, and you should seek professional tax advice.



Superannuation

Take control of your super
so you can
spend the best years of your life