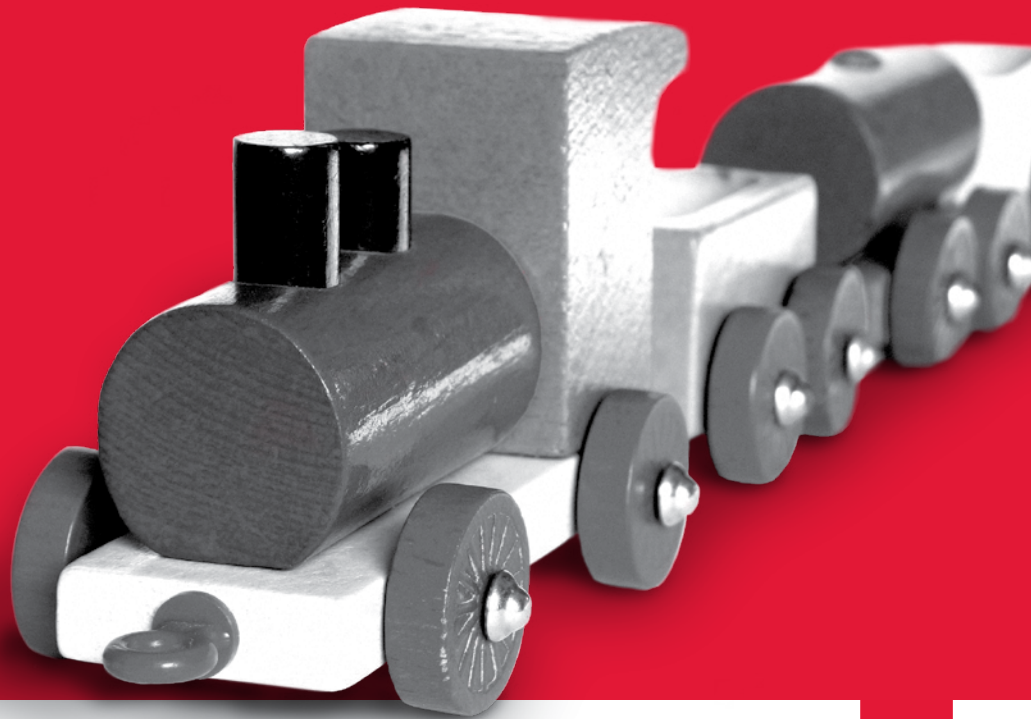


# Asgard

“Superannuation –  
do you have enough?”



Superannuation is one of the most tax-effective ways of saving for retirement. The question is – how will you make sure you have enough?





As an Office Manager, Christine is one of our many support staff working to ensure you receive the very best of service.



Many of us want to live a full and active life in our retirement, but not all of us have a plan in place to make that a reality.

## Planning for a secure financial future is important

Australia's population is ageing rapidly. In 1967 Australians 65 years old and above made up 11.9 per cent of the population. By 2002 the level had risen to 15.6 per cent. And here's a glimpse into the future – the Australian Bureau of Statistics forecasts that in 2051 it will be 28.8 per cent - in other words, about one retiree for every 2.6 Australians of working age. Kind of scary!

Not only are we an ageing population, we're also living longer.

Life expectancies for both men and women have increased, and this means that we now need to plan for at least 20 years in retirement. The problem is, there's a significant difference between what we expect from our retirement and what most of us will actually be able to afford.

- 4 in 10 Australians realise they're not saving enough to meet their retirement income goals.\*
- Another 3 in 10 aren't saving enough but don't realise it.\*

It's a sad fact that the Superannuation Guarantee (9% of your salary) will probably not be enough to support you comfortably in your retirement.

If this sounds like you, it's not too late to start planning for a secure financial future.

\* The Association of Superannuation Funds of Australia Limited, Fact sheet 5# January 2004.

## What do you need to know about superannuation?

Superannuation is one of the most tax-effective ways of saving for your retirement. The maximum rate of tax you'll pay on your earnings in your superannuation fund is 15%, whereas earnings on your normal savings outside superannuation are taxed at your marginal tax rate, which can be anywhere up to 46.5%. While you can shift your superannuation between superannuation funds, just remember contributions to superannuation are almost always compulsorily preserved. This means that you generally can't withdraw the funds until you are over 60 (or over 55-60 if you were born before 1 July 1964).

## What is the best way to make sure you have enough superannuation to retire?

Start saving today! Even a few dollars a week can make a big difference to the sum of money available to you when you retire. Basically, the sooner you start saving, the more time your money has to grow.

When you invest regularly, no matter how little you put away, you'll enjoy the effects of compounding. Compounding happens when income earned on your savings is re-invested, so you earn money on your initial capital as well as on any income you have already earned.

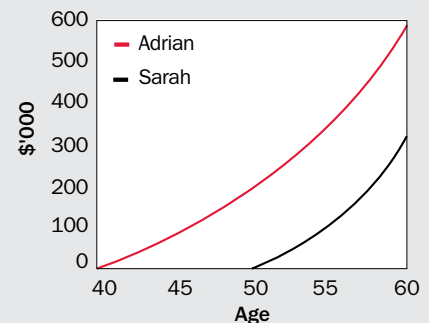
So it's much better to start investing small amounts today than wait until you can invest a larger amount.

Successfully investing requires you to regularly maintain your investment plan. The best way to do this is to arrange a direct debit from your pay or bank account into the investment vehicle you have chosen.

### Case study

Let's say Adrian and Sarah are both aged 40 and are thinking about plans for their retirement. Adrian decides to invest \$1,000 per month for the next 20 years in preparation and Sarah decides to invest \$2,000 a month, but doesn't start his saving plan until he turns 50. They both want to retire at age 60 and it's assumed that their investment will generate 8% per annum after tax.

The graph shows that even though Adrian and Sarah both invested \$240,000 in the end, Adrian's savings are larger because of an extra 10 years of compound earnings.



“When you invest regularly, no matter how little you put away, you'll enjoy the effects of compounding.”

For more than 20 years, we've been working behind the scenes with financial advisers to create products and services to match your financial needs. In fact, we're one of Australia's largest financial services groups, managing more than \$34 billion for 400,000 Australians. For more information go to [www.asgard.com.au](http://www.asgard.com.au)

## Simple steps to success

If you're thinking about changing super funds, you should consider the following:

### 1. Consolidate your super

You can sometimes save on administration costs if you have your entire super in one fund. If you've got super in a number of different accounts, you'll need to consolidate them to save on administration costs.

### 2. Top up regularly

Making contributions to super can be a very tax-effective method of saving. If you earn less than \$58,000 you may be eligible for a government co-contribution which will make your contribution even more effective. Speak to your adviser for details.

### 3. Take up insurance via your super

In certain circumstances, you may get better rates if you take out your insurance through your Super Account.

### 4. 'Best of breed' investment options

You should be able to access a 'best-of-breed', performance-based investment menu – ensuring that you achieve a portfolio of investments suitable for your needs.

### 5. Stay informed and up-to-date

You should expect to be able to access your account information online and on the phone 24 hours a day, 7 days a week.

## So what are you waiting for?

The sooner you start saving, the better. Contact your financial adviser to discuss your super options today!

#### Important information

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