

passionate planning

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Common superannuation mistakes and how to avoid them

Your superannuation is the key to having enough money to live comfortably in retirement. Yet many of us are letting our retirement dreams slip away by falling into some common, and easy to prevent, superannuation traps. Here are the top five superannuation mistakes you should avoid.

Losing track of your superannuation

There are over 3.4 million lost super accounts worth more than \$16 billion. If you've ever changed your name, switched jobs or done casual work, you might have lost track of some of your superannuation without realising it.

Keeping more than one superannuation account

In 2012 there were nearly 32 million superannuation accounts in Australia, which is an average of almost three accounts for every worker¹.

If you have different superannuation accounts, you could be chipping away at your superannuation savings by paying multiple fees and insurance premiums.



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That's why it pays to always keep your superannuation in one account. It will also cut down on your paperwork and make it easier to keep track of your superannuation if you change jobs.

But before you move all of your superannuation into one fund, make sure you consider any withdrawal fees, your investment mix and any insurance you may lose if you leave a fund.

Be sure to speak to your financial planner before making any decisions.

Assuming your employer's default fund is right for you

Every Australian employer has to offer their employees a default superannuation fund. If you don't choose a separate fund to have your superannuation paid into, this is where it will all go.

Around 80 per cent of Australian superannuation fund members are in their employer's default fund — and, for many, it could be the right choice.

That's especially the case now that the Government's MySuper regulations have created a new breed of default superannuation funds, with lower costs and standard insurance benefits.

But if you would like more control over how your money is invested, you might prefer a fund that offers more investment choice².

Relying solely on superannuation guarantee contributions

Under current laws, your employer must contribute 9.50 per cent of your salary to superannuation each year. But research shows that at this rate, the average wage earner won't even have half the super they need for a comfortable retirement.

That's why it's worth considering options like pre-tax salary sacrifices or personal contributions from your take-home pay to help grow your superannuation nest egg.

Leaving it too late to boost your superannuation

Even if your retirement is still a long way off, it pays to start building your super sooner rather than later. You might be surprised at how a small increase to your superannuation now could have a big impact in the long run.

To find out more ways to optimise your superannuation, please speak to your financial planner.



1 Lost and Unclaimed Superannuation Money, Discussion Paper, Australian Government Treasury.

2 Stronger Super, Australian Government Treasury.

Source: Colonial First State

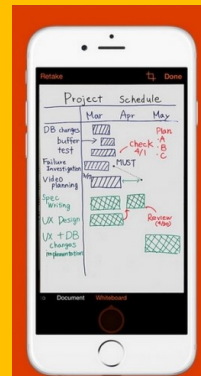
Application review: Microsoft Office Lens

Microsoft Office Lens is effectively a portable scanner in your pocket, allowing you to capture pictures of whiteboards, documents, and receipts to save and edit them digitally. While many apps like Scanner Pro, Scanbot, and even Evernote already exist, Microsoft's unique offering here is Office integration.

Office Lens will convert images into Word and PowerPoint files, and even PDF documents. If you take a picture of a document then Word will preserve the layout of the paper document and use optical character recognition (OCR) to convert the image into text. You can also do the same with business cards to generate contacts on a phone. If you've taken a photo of a whiteboard then there's some truly powerful things Office Lens will do. Images can be automatically cropped and rotated, and PowerPoint will even convert hand-drawn whiteboard images into objects that can be moved, resized, coloured, and edited fully.



Office Lens



If you're taking pictures of receipts, business cards, menus, whiteboards, or even sticky notes then Office Lens will automatically crop, enhance, and clean up the image and export it to OneNote or OneDrive as a JPEG image, or Word, PowerPoint, and PDF document.

This application is available on both Apple and Android technology.

Covering your life stage

Life insurance is more than just a lump sum payment to your family upon your death. There are a number of life insurance policies that have been designed to protect you and your family, regardless of your stage in life.

Some financial institutions offer an insurance package that may include life insurance, income protection, total and permanent disability insurance, trauma insurance and business insurance.

Each type of policy covers different risks. Below are some examples of typical life insurance policies and their purpose. Make sure you always check the detail of your policy to understand what you are covered for and discuss it with your financial planner.

Life insurance

Life insurance helps protect you and your family against the financial consequences of death or terminal illness, with a tax-free lump sum.

Income protection

Income protection helps protect you against the financial consequences of a temporary or permanent loss of income due to illness or injury, with regular payments of up to 75 per cent of your current income.

Trauma Insurance

Trauma insurance helps protect you against the financial consequences of a major illness, with a lump sum to assist with major expenses and maintaining your family's lifestyle while you recover.

Total and permanent disability insurance

Total and permanent disability insurance helps protect you against the financial consequences of an accident that leaves you disabled and unable to ever work again.

Business insurance

Business insurance helps protect your business against the financial consequences of a business owner or key employee becoming injured or dying. It provides money to cover lost revenue, and business expenses, and allows for a smooth change in business ownership.

Another way to think about what type of insurance may be appropriate for you is to think about your stage of life.

Young and independent

When you're young, you are more likely to enjoy leisure activities that involve a high level of risk, such as snowboarding or rock climbing.

At the same time, at the start of your career you are less likely to have assets to draw on if you are temporarily unable to work because of an illness.

Young families

This is the time when you and your family may be stretched financially, from school fees to the cost of your first home. Your family may also be relying on a single income. It's important to think about what would happen if the family breadwinner became ill or injured and was unable to work.

Maturing families

Cost pressures may ease as you get older but won't disappear completely. Also, while you may be approaching your peak earning years, you may still have to fund your children's education. Protecting your health and income may be especially important to you during this life stage.

Approaching retirement

As you approach retirement, you may have paid off your home loan and built up other assets, such as superannuation. However, you still need a safety net for you and your family. If you or your partner suffers a serious illness or dies, insurance may help you avoid the risk of having to sell your home and other assets.

Speak to your financial planner to discuss your insurance options.



Tips for teaching children the value of digital money

One in three parents agree digital purchases make it harder to teach children the value of money.

It can be hard for children to understand what they can't see. And as there's no visible exchange of cash for goods in digital purchases, teaching them the value of digital money can be challenging. Delving into the topic, we recently conducted some research which found that more than a third of children (35%) don't know how digital purchases are paid for.

Our research also uncovered the most common myths children believe about digital money, including:

- 40% of five year olds think you can use a card to get free money from the ATM;
- 61% of six year olds think you don't have to pay money to watch movies on your parents' tablet or smartphone; and
- 33% of five year olds think there's someone behind the wall who gives your parents money when they put their card in the ATM.

It's clear we need to adapt our money lessons to incorporate digital spending. From experience, we have found the most effective way of doing this is to involve children in the digital purchasing process.

Sit them down when you're buying

If you're buying your child a game on your smartphone, instead of making the purchase yourself, sit them down and explain how much it costs. If the game costs \$5 and your child receives \$10 pocket money each week, explain that it's worth half their pocket money, and potentially deduct the amount from their allowance or piggy bank. This way they can see that digital money has value, like cash and coins.

Use day-to-day examples

If your child often accompanies you to the ATM, explain that the money you're withdrawing is from mum and dad's savings and is of real value. Small lessons like these will help build their understanding of digital money over time.

Other lessons that Aussie parents have used to help improve their child's understanding of digital money include:

- Showing them the value of an item in an online store (25% of parents);
- Opening a savings account with them (17% of parents); and
- Giving them a prepaid card so they can make digital purchases (16% of parents).

Teaching children the value of digital money is key to their overall financial literacy. It's also important to continue with traditional methods, such as School Banking programs, which teach lifelong money management skills. Traditional and digital money lessons should work in tandem and complement each other.

Statistics Source: Commonwealth Bank

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