Smart Money

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Incentive for all with new super law

ANTHONY KEANE
SMART MONEY EDITOR

EARLY action is the best way to make the Federal Government's planned new superannuation laws work for you.

While baby boomers with plenty of money are the biggest beneficiaries of the super changes, a *Smart Money* round table discussion has heard there are incentives for all ages.

"With super, you get in as soon as you can, as much as you can, for as long as you can," said Theo Marinis, a financial strategist at Marinis Financial Group.

"As soon as you start work go for the co-contribution, the salary sacrifice scenario later, and even now you can contribute to 75 if you are still working."

The key plank of the new super laws, expected to come into force on July 1, is that withdrawing money from super will be tax free for people aged over 60. But there will be annual limits on how much people can contribute.

AMP financial planner Mark Borg said the limits meant people should budget how much they could inject every year.

"The days of accumulating assets outside of super and then transferring them just before retirement are long gone," he said.

The panel's tips included:

ENSURE: your super fund has your tax file number, or you might incur heavy tax penalties.

PAY: at least $20 a week extra into super so you can receive a free $1500 from the Government if you qualify for the co-contribution.

TALK: to a superannuation fund or adviser about strategies such as salary sacrifice.

RE-VISIT your Centrelink position as changes to the assets test threshold provide opportunities.

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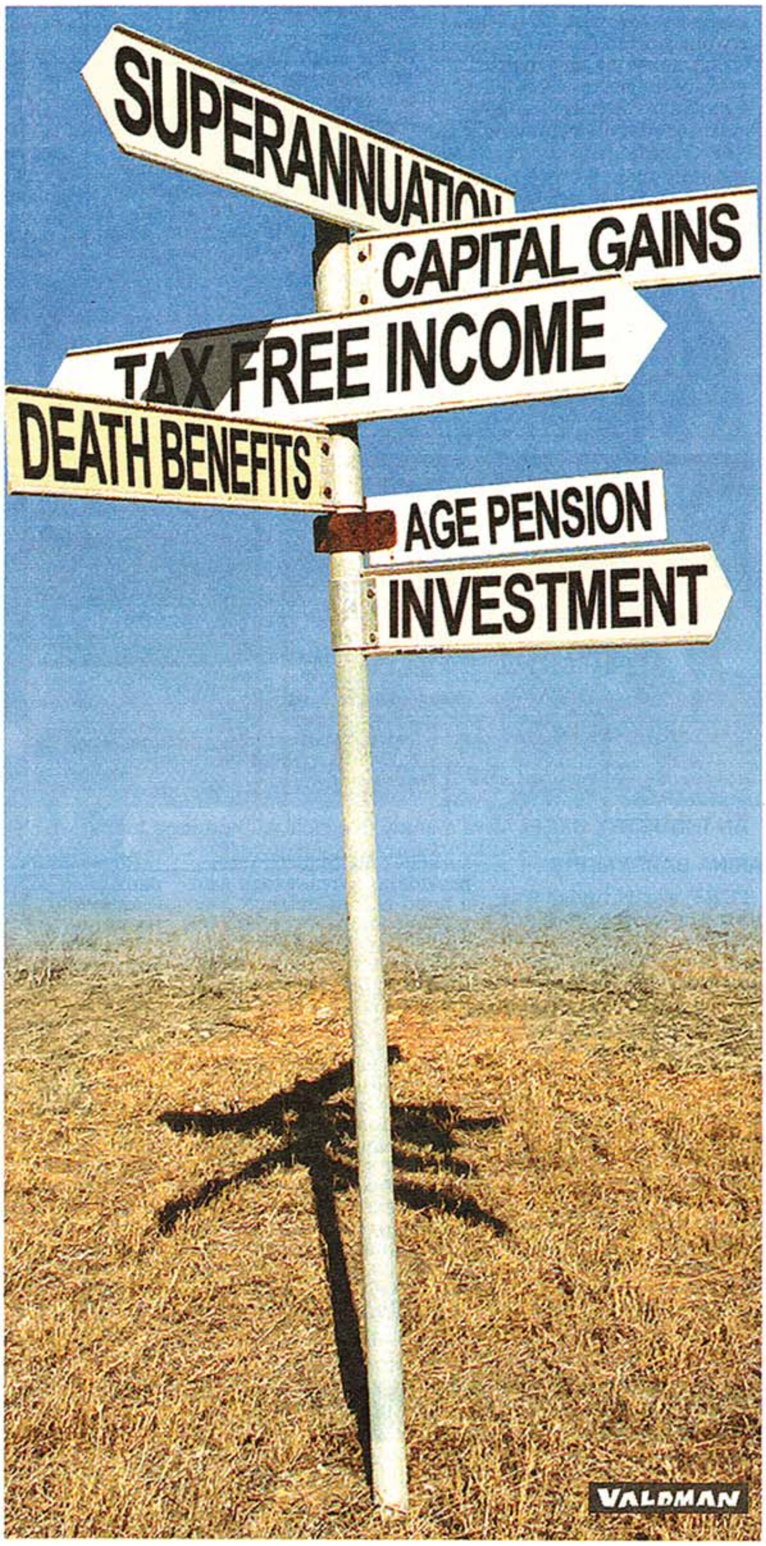
Prescott Securities financial adviser Helen Dundon said the changes had brought super to the attention of everybody. "They're seeing what they put in, but then there's earnings adding to it, so it's giving them a greater sense of it being money of their own that they're going to get at some point in the future," she said.

Thomson Playford partner Stephen Heath said it was "a totally different ballgame".

"These days you can spread it for matrimonial property purposes, you can run a self-managed fund and you can control the investments," he said.



Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group
67 Kensington Road, Norwood SA 5067 T 08 8130 5130 F 08 8331 9161 E admin@marinisgroup.com.au