



Welcome to the Super Master Class

I'm your host – Financial Adviser and Money Mindset Coach

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General Advice Disclaimer

All information offered in this webinar is treated as general in nature, I have not considered your personal circumstances and this information should not be treated as advice. Should you need advice please speak with a licensed financial adviser.

I am an authorised representative of
Lifestyle Asset Management AFSL 288421



What we will cover today:

- * Why we need to focus on our super
- * Setting goals to make our retirement a reality
- * Break down the jargon so we can make the most of boosting our super with contributions
- * Case study on how various contributions work
- * How to know if your super is working for you
- * Understanding our risk profile and why we need to always be aware of performance
- * Managing cash flow so you can make this possible
- * The end game – moving into pension phase

Why is super so important?

Getting it right can provide you a comfortable life throughout retirement

Once retired you benefit from the hard work you put into it and are paid tax free

Superannuation can be transferred to an account-based pension which will pay you regular income

You can also set your kids up or give to charity – the point it you will have choice.

SETTING YOURSELF UP FOR SUCCESS...

- * SET some clear goals
- * What does retirement look and feel like to you?
- * Where do you want to live?
- * Do you want to travel?
- * How much would you need to live off per year?

Bridging the Gap between then and now..

- * Work out how much you will need
- * Calculate what your investment balance needs to be to create the income that will fund your retirement
- * Create a strategy to make this happen.... One step at a time....

Break Down the Jargon

Concessional = Paid before tax

Or you can get a tax deduction

Current “concessional cap” = \$27,500

How we pay super and get a personal tax deduction

You can pay your super 3 ways to save tax

1. Your SG (super Guarantee) was 9.5% but as of the 1st of July is 10% of your gross income
2. You can top your SG contribution up via a salary Sacrifice
3. Add your personal savings to your super and then claim a tax deduction.

**BUT WAIT THERE'S
MORE..... WANT TO
GET MORE BANG FOR
YOUR BUCK???**

Have you heard about the carry forward rule??

Simply put if you did not use your concessional cap in a given year (must be within 5 years of the year you do make the contribution) you can carry forward and pay toward your super...

For Super Balances under \$500,000

CASE STUDY

- * Let's look at a client Louise. She is 55 and wants to retire in 10 years
- * She has \$450K in super, a small mortgage, a daughter doing her HSC and a savings of \$60K
- * After expenses she can save \$200 per week and earns \$110K per year as a nurse.
- * She saves \$200 per week and puts this into her super. This increases her balance over the next 12 months by \$10,400.00

Results

Annual salary and tax details	After-tax contribution option	Salary sacrifice contribution option
Before tax salary	\$100,000.00	\$100,000.00
Salary sacrifice contributions	\$0.00	-\$10,400.00
Taxable income	\$100,000.00	\$89,600.00
PAYG tax	-\$24,187.00	-\$20,299.00
After-tax contributions	-\$10,400.00	\$0.00
Take-home pay	\$65,413.00	\$69,301.00
Super contributions		
Employer SG contributions	\$10,000.00	\$10,000.00
Salary sacrifice contributions	\$0.00	\$10,400.00
Contributions tax	-\$1,500.00	-\$3,060.00
After-tax contributions	\$10,400.00	\$0.00
Government co-contributions	\$0.00	\$0.00
Low Income Super Tax Offset (LISTO)	\$0.00	\$0.00
Net super contributions	\$18,900.00	\$17,340.00
Total take-home pay and net super contributions	\$84,313.00	\$86,641.00

Further tax may be payable if you have not provided your TFN to the fund or your contributions for the year exceed the contribution caps. Further tax may also be payable upon payment of a superannuation benefit

**New balance after Her
“concessional
contribution” is now
\$491,000**

CASE STUDY

- * Now Louise has \$60,000 in her offset account and given she is paying the maximum to her mortgage and it will be paid off soon she wants to take advantage of the 'Carry Forward' rule before she hits over \$500K so she puts in \$30,000.00.
- * The ATO will automatically add this to the previous years where she did not maximise her concessional cap.
- * This now boosts her super to \$518,000
- * Louise will now get a tax return for the adjustment for the previous years. The funds inside super will be taxed at 15% for contributions and earnings.

**PAY IT
FORWARD...**
**The non-concessional
contribution Bonus**

Jargon Breakdown

- * Non- Concessional means money paid with already taxed \$\$\$\$
- * So in other words you pay with your “net” income.
- * Why on earth would this be a “BONUS”???
- * It is not taxed once inside super.... So if you have a year like our portfolio did where the growth fund returned shy of 30% your return on funds invested with net dollars, or post tax dollars or what they call non-concessional contributions will not be taxed at all.... Not the 15% you hear of but zero.

Back to our Case Study

So now Louise has paid an additional amount to her super from her savings and claimed this as a tax deduction.

She then added more to her super with the Carry forward rule of \$25,000 and claimed this as a tax deduction.... So, she is going to get a bigger tax return.

Let's say this was \$5000.00 and she added her savings the following year (so we are in the future now) and she pays another \$15000.00 to super. This time with after tax dollars.

**So, in 2022 Louise started
the FY with \$518,000 with
her SG of \$10K and her post
tax \$\$\$ of \$15,000 saved.**

Her balance is now...

\$569,571.00

**In 2 years she has boosted
her super by \$119,571.00**

**Calculations are based on a conservative 6% return of
investment.**

Let's backtrack:

$$\begin{aligned} &\text{her SG } \$10,000 + \$10,400 \\ &+ \$30,000 + \$15,000 = \\ &\$65,400 \end{aligned}$$

Let's talk more about contributions

Let's say in 2022 Louise comes into some money. Her daughter is no longer at school and she has paid off her mortgage.

She inherited \$450,000

The rule is she can only pay up to \$100,000 per year as a non-concessional contribution.... UNLESS she uses the

BRING IT FORWARD RULE

Let's talk more about contributions

BRING IT FORWARD RULE

Louise decides to pay the remainder of her mortgage and is left with \$300,000. She decides to use the bring it forward rule. Provided her super balance is under \$1,400,000 she can contribute up to 3 years of her contribution cap.

Let's talk more about contributions

Ok, so now Louise 65 she decides that its time to sell the family home, her daughter has moved away, and the house is too big for just her... She finds a lovely cottage in a town by the sea... She sells her house for \$1,000,000 and buys her cottage at \$600,000 after stamp duty, moving costs, new furniture and upgrade of her car. She has \$300,000.00 she can put to her Super using the ...

DOWN SIZER RULE ...

THE DOWNSIZER RULE:

- * Can apply up to \$300,000, if you are a couple, you can each pay \$300,000 toward your super
- * You must be over 65
- * The downsizer is not a contribution and will not count toward your contribution caps

WHY YOU MUST KNOW YOUR NUMBERS...

	Scenario 1	Scenario 2	Scenario 3
Starting age	30	30	30
Retirement age	67	67	67
Starting gross annual income*	\$61,984	\$61,984	\$61,984
Starting balance**	\$25,096	\$25,096	\$25,096
Average investment returns	6%	7%	8%
Annual fees (% of balance)	1.42%	1.42%	1.42%
Average life insurance premium	\$266	\$266	\$266
Account balance at retirement	\$384,428	\$480,903	\$607,061
Difference to Scenario 1 retirement balance	-	\$96,475	\$222,633

**How do you find
your performance
details ???**

**What is my risk
profile? What is
balanced versus
Growth???**

Growth assets:

- * Australian Shares
- * International Shares
- * Property
- * Alternatives

Defensive assets:

- * Fixed income
- * Bonds

Rekab Balanced

Asset Allocation 31/08/2021



Asset Class	Net %
AU Equity	22.31
INT'L Equity	26.54
AU Fixed Income	9.15
INT'L Fixed Income	24.88
AU Listed Prop	0.28
INT'L Listed Prop	4.53
Unlisted Property	0.00
Cash	2.28
Other	0.02
Not Classified	10.00

Rekab Aggressive (Growth)

Asset Allocation 31/08/2021



Asset Class	Net %
AU Equity	24.77
INT'L Equity	43.39
AU Fixed Income	4.46
INT'L Fixed Income	10.15
AU Listed Prop	0.28
INT'L Listed Prop	4.53
Unlisted Property	0.00
Cash	2.40
Other	0.02
Not Classified	10.00

Things to consider when facing retirement

- * Capital gains tax when transferring from Super to your chosen income stream
- * The right income stream for you – Will it be an annuity? Or an Account based pension
- * Seek professional advice

THANK YOU FOR YOUR TIME...

Please don't hesitate to ask any questions or to reach out to me at

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