



WELCOME TO THE WINTER EDITION OF FFP NEWS

Welcome to Future Financial Planning News.

Is your portfolio in shape for the new financial year??

Hitting the new financial year with a portfolio that's in tune with your goals and lifestyle can be a valuable step to ensure your money continues to work hard for you.

Call us today to organise a quick catch up with Rhys to fine-tune your portfolio ahead of 30th June.

Inside this issue we also take a look at life cover - one in four Australians don't know whether they have it and we also look at how your super balance compares to other men and women your age.

Please also note that our office will be closed on Monday, 11th June 2018 for the Queen's Birthday public holiday.

Kind regards, Rhys, Michelle and Michelle



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Life cover - do you even have it?

If you have family, dependents or debt, life insurance might be important, but one in four Aussies don't know whether they have it.

If you die and your life is insured, your beneficiaries receive a lump sum pay-out. This money can be the difference between the people who matter most to you enjoying a decent lifestyle or facing a financial struggle, yet one in four Australians aren't even sure whether or not they have life insurance.

Many of us have some level of life cover through our super fund. However, this isn't always the case so it pays to ask. Despite this being a matter of picking up the phone to speak with your fund, a recent study by Finder shows one in five super fund members have no idea whether they have life insurance through their super.

If you have more than one super fund - and 40% of Australians do, you could be doubling up on premiums. The downside here is that paying multiple premiums through several funds, will eat away at your total nest egg over time.

Women can be more vulnerable to underinsurance

Having some life cover in place is better than having none at all especially if you have dependents. And incidentally, these days it makes sense for both parents in a family to have life cover even if one person is a stay-at-home parent. Too often the economic worth of the child-rearer's work is overlooked, and ideally, both parents should be insured at a similar level.

I mention this because Finder's research found women tend to be more uncertain than men about whether they have life cover in place. Close to one in three women simply don't know if their life is insured.

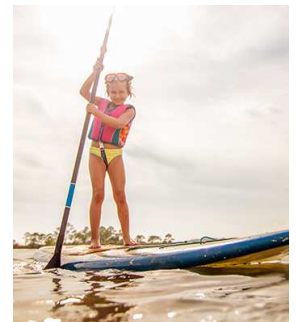
Insurances works best when it's tailored to your needs

Like all insurances, life cover works best when you have the right level of protection in place for your situation. The insurance available through your super is typically very affordable because your fund 'buys in bulk' for a large number of members.

However, life insurance policies arranged through super may not be as comprehensive as standalone cover purchased directly from an insurer.

Similarly, life insurance organised through your super fund is unlikely to be designed with your individual circumstances in mind, and figures from industry body Lifewise show up to 50% of fund members can be underinsured by \$100,000.

The solution is simple. Contact us for a comprehensive review of your life insurance. This will include confirming whether you have life insurance through your super - and more importantly, the level of cover in place. We can also explain what's available with an independent insurer and if you need to consider topping up your life cover. At least this way you will have control over your family's financial well-being if tragedy occurs.



How much super should I have at my age?

We look at the average super balances for different age groups in Australia so you can see how your super savings compare.

A healthy super balance can be a key ingredient in being able to live the life we want in retirement. But for many people, retirement is a long way off, and it can be hard to know if your super is on track. If you've been asking yourself - how much super should I have at my age? - read on to find out.

How does your super compare?

This table below shows the average super balance for Australian men and women of different ages (excluding those with no super) so you can compare your balance to others your age.



| Age | Average balance - men | Average balance - women |
|-------|-----------------------|-------------------------|
| 20-24 | \$5,924 | \$5,022 |
| 25-29 | \$23,712 | \$19,107 |
| 30-34 | \$43,583 | \$33,748 |
| 35-39 | \$64,590 | \$48,874 |
| 40-44 | \$99,959 | \$61,922 |
| 45-49 | \$145,076 | \$87,543 |
| 50-54 | \$172,126 | \$99,520 |
| 55-59 | \$237,022 | \$123,642 |
| 60-64 | \$270,710 | \$157,049 |

Source: Association of Superannuation Funds of Australia, [Superannuation account balances by age and gender 2015-16](#), October 2017, pg.9.

Does your super stack up?

If your balance looks low, there could be a number of reasons why your super is lagging your peers, such as taking time out of the workforce to study, travel, raise children, care for older relatives, or being out of work, working part-time, or earning a lower wage than others your age.

As the figures show, these issues particularly affect women, as they have lower super balances than men across all age groups.

Will your super be enough to retire on?

Even if your balance is above others of your age, will it be enough for a comfortable retirement?

The Association of Superannuation Funds of Australia (ASFA) says that “many people will still retire with inadequate superannuation savings to fund the lifestyle they want in retirement” and that “most people retiring in the next few years will rely partially or substantially on the Age Pension for some or all of their retirement as they have inadequate super savings”.¹

The ASFA retirement standard estimates singles will need retirement savings of \$545,000 for a comfortable retirement, while couples will need combined retirement savings of \$640,000.²

Our super simulator can help you work out how much super you will have at retirement based on your current balance.

What to do if your super needs a boost

- Firstly, search for lost super. Money belonging to you might be sitting in an account you've forgotten about.
- Secondly, if you have super with multiple funds, think about consolidating it into one account and you could save on fees and charges that could be eating into your balance. However, you'll need to check for exit or termination fees, and ensure that your insurance cover isn't affected.
- And thirdly, you could consider changing how your super is invested, for example, by switching it into a more growth-focused investment option. But bear in mind that returns are not guaranteed, and that higher risk accompanies the opportunity for high returns. To change your investment option, contact your super fund.

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Once you've got your super sorted with these quick wins, you can consider ways to boost your balance, including:

- **Salary sacrificing:** you can contribute extra cash into your super from your before-tax salary and it will only be taxed at 15%³, rather than at your usual marginal tax rate. However, make sure your total super contributions (including any your employer makes on your behalf) don't exceed \$25,000 per year. Speak to your payroll department to set up a salary sacrifice.
- **Personal tax-deductible contributions:** if your employer doesn't offer salary sacrifice, you're unemployed, self-employed or don't want to salary sacrifice, you can make a personal tax-deductible contribution to your super, which is also taxed at 15%, and subject to the \$25,000 per year limit.
- **After-tax contributions (also known as non-concessional contributions):** there's a \$100,000 limit per financial year on the amount of after-tax contributions you can make. If you are under age 65, you can also 'bring forward' the next two years' worth of after-tax contributions, and make up to \$300,000 contribution in a financial year.⁴
- **Spouse contributions:** if your partner is out of work, a stay-at-home parent, working part-time or earning less than \$40,000, adding to their super could benefit you both financially.
- **Government contributions:** if you're a low or middle-income earner, you may be eligible for contributions from the government or tax-offsets when you add after-tax money to your super.

Need more help?

For more help to ensure you're on track for a comfortable retirement, speak to us today.

¹ Association of Superannuation Funds of Australia, [Superannuation account balances by age and gender 2015-16](#), October 2017, pg. 7.

² Association of Superannuation Funds of Australia, [ASFA Retirement Standard](#), pg. 4.

³ Or 30% if you earn \$250,000 a year or more

⁴ Providing your total super balance at 30 June 2017 is less than \$1.4 million.

What you need to know

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Check out Dr. Shane Oliver's latest insights



Oliver's insights is a special commentary by Dr. Shane Oliver, Head of Investment Strategy and Chief Economist at AMP Capital. Dr Oliver is a regular media commentator on major economic and investment market issues.

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