



Australian Superannuation Myths: What You Need to Know

Most Australians will rely on their superannuation to fund their retirement. Superannuation is a percentage of your salary that's collected as part of your income tax and put into a fund that you will be able to access after your preservation age. However, the effectiveness of superannuation is widely misunderstood.

Less than 20 percent of Australians understand how their superannuation fund invests their money. As people head towards their retirement, it's important to understand how superannuation can work for you.

You Must Earn A High Income

Time plays a more important role than funds. With an average income of \$85,000 per annum in 2019* placing your superannuation into high performing funds can have remarkable results. You don't have to be a high wage earner to make superannuation work for you. Selecting a high performing fund regardless of income amount can reap higher returns, even with average contributions.

If You Don't Work You Can't Contribute

There are times in life when lifestyle affects employment choices. Those taking time off to raise children, or returning to the work force with casual or part time employment because of other responsibilities can mean that superannuation funds can suffer. Rather than investing your money into

other avenues, people in regulated funds benefit from being able to access well-diversified investment portfolios, includes ones that can be hard to access with lower fees than offered to those outside of super.

Compulsory Super Payments Are Enough

The Australian taxation and superannuation systems are set up to provide some excellent tax benefits and concessions for people who contribute to their own super while they're working.

Adding extra money into your superannuation fund means that you can maximise your investments without having to worry about a reduced income. Keep an eye on the funds you'll need once you hit your preservation age and calculate your weekly contributions and make voluntary contributions into your fund.

Super Funds Are Investments

While your superannuation fund is not an asset, a diversified, multi-asset strategy can protect against market fluctuations and yield better long term results and are managed by financial advisors who know the market. Super funds offer an opportunity to diversify in a portfolio where you don't have to be a financial whiz or technical expert to reap the benefits.