

Financial Planning For Gen Y

Written by Rachelle, Gen Y

Occasionally, conversations I have with friends lead on to topics such as Superannuation. Most of the comments I hear are:

- I don't know where my super is.
- I have multiple super funds.
- Why should I care about my super?

People generally have multiple super accounts because each time they have begun a new job they have either been offered an employer or default fund, do not have their current super details, or they have been offered employer incentives for joining. With one in four people aged between 20-24 changing employers each year, it is easy to see how you can lose track of where your retirement nest egg is.

Multiple super funds looking after your investments means you are paying multiple fees. To put this in to perspective, multiple super accounts means multiple fees, which results in less money being accumulated in your fund, and over the long term this means less money for you in retirement.

Insurance within super

Many people do not realise that their super funds facilitate insurance policies within them. Income Protection, Life & TPD insurance can all be held within super. The best part is – it isn't coming out of your salary! Holding insurance within super frees up cash so you can spend your money the way you want.

Personally, with the high volume of my friends hurting themselves (and being kept off work due to injuries) on quad bikes, skate boards, dancing, surfing – activities they partake in weekly, income protection is something I believe everyone should look at putting in place for themselves. Even held outside of super, income protection is 100% tax deductible, so you are insuring your income throughout the year and then claiming it back at tax time – it really is a win-win situation!

Turning multiple super accounts into one strong account

I will be the first to tell you that consolidating your super can be quite painful. There are phone calls, forms to complete, requirements to fulfil, and if you have several different accounts it can all become overwhelming and too much of a hassle. This is where Centre Capital can take out that hassle out of the process by not only giving you the right advice, but doing these tasks as well.

To get your super account earning the most of its potential it is most important to put in place investments that are going to be successful (ie pay high dividends AND allow unit price of actual investment to grow). That way, when you are ready to retire, the investments you own will be paying dividends sufficient to meet your day-to-day needs.

Centre Capital have a common sense approach to investing and can assist in putting together a strategy for you. Albert Einstein is quoted as saying, "The most powerful force in the universe is compound interest". As you can see by the example below the difference between how you approach investing your super can be very costly in the long run. Don't guess; get the right advice now! Time is your ally in reaping large rewards later.

An example, your employer will pay \$4,800 this year (9% compulsory contribution to super) into your nominated super account. Taking into consideration inflation of 3.1%pa, in 30 years your superannuation balance would grow to:

Annual Return 7%	\$673,381
Annual Return 9%	\$954,948
Annual Return 11%	\$1,375,388

Which balance would YOU prefer?

For more information call Centre Capital on 1300 132 214.