



HOW TO SAVE THOUSANDS OF DOLLARS:
Superannuation
EXPLAINER

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DISCLAIMER

The information in this article is general, and does not take into account your financial circumstances or objectives. Always read the Product Disclosure Statement before signing into any financial service. Changing super funds may adversely affect your insurance coverage and result in exit fees. Grok recommends you seek the advice of a qualified, independent financial planner.

DO YOU KNOW HOW YOUR SUPER'S GOING?

Chances are the last time you thought about your superannuation was when you started your last job, or when you filed your tax return.

How many accounts do you have? One? More?

Forty per cent of Australians have more than one. Fifteen per cent of Australians have three or more accounts.

Are you paying for life insurance or Total Permanent Disability insurance you didn't ask for? If you have a super account, the answer is probably "yes".

How much are you paying in fees and insurance premiums? Do you know how much those fees will cost you over your working life?

If you know how to answer these questions, you could save yourself tens of thousands of dollars.

WHAT IS SUPERANNUATION?

Superannuation is a system Australia uses to help you fund your retirement. It's a bit like a private pension.

In most circumstances, your employer is required to pay a portion of your salary—just shy of 10 per cent—into an account called a super fund.

The money in your account is invested into property, companies, and fixed interest—among other things. When the time comes for you to retire, your superannuation will be a crucial asset.

HOW MANY FUNDS DO I HAVE?

Having a super fund isn't free—every fund comes with a slew of administration and investment

fees. According to the banking regulator, APRA, the median cost of the fees for one account is \$532 every year.

This means that having multiple super funds could cost you thousands of dollars in unnecessary fees every single year.

Luckily, the Australian Taxation Office has a handy tool on their website that can help you keep track of how many accounts you have open.

To do this you'll need to register for a myGov account, which is an online service that allows you to do business with government agencies like Medicare and the ATO online. You can register an account at <http://my.gov.au>.

Next, you'll need to link your myGov account with the ATO. To do this, you'll need to know your Tax File Number, and you'll need to have a couple of documents to verify your identity—like a notice of assessment or a PAYG payment summary.

If you need some help, you can call the ATO on 13 28 61. If English isn't your first language, you can call the Translating and Interpreting Service on 13 14 50, where you'll be able to speak to the ATO in your native tongue.

CHOOSING A SUPER FUND

First, you should ask your employer whether they will pay your super contributions into the fund

of your choosing. Some employers like Coles and Woolworths only pay into the account that they, or your industry's union, have chosen for you.

If you can pick your own super account, you should do some research to make sure you pick a good one. Here are a couple of tools that can help you:

- **Canstar** is a financial comparison website that rates super funds (along with insurance policies and more) on a five-star rating system.
- **Super Ratings** rates funds either "Platinum", "Gold", "Silver", or "Other" (average or below-average) based on its fees and investments.
- **Chant West** rates super funds on a scale of one to five based on its fees, investments and administration.

I cannot recommend a specific fund to you—that's a decision you need to make yourself. I recommend you look at all three of the tools listed above. Make sure you read the Product Disclosure Statement and Financial Services Guide before signing into any financial product.

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