



# AVENUES

## SHOULD I TAKE MY SUPER AS A LUMP SUM OR NOT?

When it comes to accessing your super, it's important you make the right choice

You've spent your working life accumulating super. So when the time comes, are you better off taking a lump sum, regular income or both?

Let's weigh up the alternatives so you can start to consider what may be best for you.



## SHOULD I TAKE MY SUPER AS A LUMP SUM? CONTINUED

### Taking a lump sum

If your super has been managed on your behalf during your working years it can be tempting to take the lot when you can. But make sure you weigh up the upsides and downsides before deciding:

- **Think long term**

A lump sum in your hands means you can spend it as you wish. For example, paying off the mortgage may be a good financial decision. But if it will mean you have no super left, what will you live on?

It's easy to spend a lump sum quickly so think ahead because in retirement a bad decision can be financially impossible to recover from. Work out how you can support yourself when you're no longer working.

- **Will the tax office take a chunk?**

When it comes to taking a lump sum, look into tax rules—if you're under age 60 you may create a tax liability, which would eat into the money you'll need for retirement.

- **Are you confident making your own investment decisions?**

Sound investment plans may help you avoid relying on the government pension down the track. Evaluate your investment knowledge and the effort you're prepared to put in—do you feel confident in your ability to invest your money to achieve the returns you need or will you need help?

### Keeping your money in super

Sure, keeping your money in super can be one of the most tax-effective options. But there are other considerations as well, as you'll see below.

- **Make the most of tax benefits**

By starting a pension in superannuation your money is not exposed to the tax rules that apply to money held outside super:

- No tax is applied to your investment earnings in your super pension
- No tax is applied to your income drawn from age 60
- Tax offsets of 15% are applied to the tax payable<sup>i</sup> on your pension you draw if you're aged 55–59, which means in the lead-up to turning 60, 15% of your taxable income is effectively tax-free.

- **Investment control and earnings**

You can generally choose from a range of pre-set investment options in super. But an investment manager makes the day-to-day investment decisions, so overall you have less control.

Your balance will increase if earnings are added to your account. Although investment earnings and your balance can fluctuate depending on investment markets—there's no guarantee your super will last as long as you do.

- **Access your money**

You can take a portion or your entire super balance as a lump sum, or draw out a regular income—it's up to you.

Each year you have to withdraw minimum amounts depending on your age—eg you'd need to take out at least 4% each year up to age 65 and then 5% until you turn 75. And just remember, if you choose to withdraw all your money out of your super account, you may not be able to put it back in, as there are rules and limits on how much you can put back in (particularly if you are over age 65).

### Best of both worlds

There's a lot to weigh up when deciding how you'll use your super. On one hand a lump sum can give you flexibility and control. But so can drawing out an income. Deciding between the two can be challenging, but you don't have to choose one over the other.

There is a lot to consider, so it's probably a good idea to meet with your financial adviser to determine what'll work best for you. Find out how changing your approach as you get older could help you benefit from tax rules.

Make sure you're making the most of the payments and subsidies you may be entitled to. Every little bit helps when the cost of raising kids is ever-increasing

<sup>i</sup> The taxable portion of your account-based pension will be taxed at your marginal tax rate.



# TIPS FOR SUCCESS IN A COMPETITIVE JOB MARKET

The AMP.NATSEM report highlights challenges for young Australians starting their careers

If you're finding it hard to get started in your chosen career—or your kids are doing it tough—you're not alone. Many other young Australians are in the same boat, with a high proportion of young people working in part-time hospitality and retail jobs, even when they have uni degrees.

The latest AMP.NATSEM report<sup>i</sup> shows that demographic, structural and technological change has resulted in an uncertain labour market. There's more competition for good jobs and even traditional casual jobs are proving harder to find.

*"It's a tough environment for many young people looking to get their foot on the career ladder"*

*Paul Sainsbury, AMP Chief Customer Officer*

But don't let that put you off! In getting through school or uni you've already demonstrated determination, drive and resilience. Now it's time to take the next step and market your skills to get your dream job. Or if you're lucky enough to be working for your dream company, it's time to step up and secure the perfect role.

Here are 8 ways to start taking control of your future.

## 1 Understand the employment landscape

Read the latest AMP.NATSEM report, which gives you a genuine picture of life as young job seeker in 21st century Australia.

## 2 Try an Internship

Consider unpaid work like internships – Try combining work experience in your chosen field with part-time work in an area like hospitality to pay the bills.

## 3 Try, try and try again

Perseverance pays dividends. And it helps if your chosen career matches your passion. Enthusiasm can carry you a long way with prospective employers.

## 4 Start your own business

If you have a great business idea and the passion to make it work, why not give yourself a job?

## 5 Be Flexible

It might be a good job, but far away from home. If getting your foot in the door involves a move interstate for a year or two, it's worth considering. Once you've got some experience, it will be much easier to get a role nearer home.

## 6 Keep Networking

Remember it's not just what you know, it's also who you know! Jobs aren't always advertised so cultivate your network and look for useful mentors.

## 7 Make your resume stand out

Make it relevant! And don't forget to use the power of social media—make sure your LinkedIn profile is well crafted and up to date.

## 8 Get skilled up

Make sure your qualifications match your career aspirations.

**In a competitive world, there are plenty of ways to stand out from the crowd and secure the perfect role. Good luck!**

<sup>i</sup> AMP NATSEM 36: Australia's Changing Workforce <http://media.amp.com.au/phoenix.zhtml?c=219073&p=irol-natsem36>

# READY, SET... AUCTION!

## All you need to know about buying at auction

Bidding for a property at auction can be stressful but you can reduce the stress involved. Before you consider bidding use our tips to make sure you're prepared and know what to expect.

### Step 1:

#### Work out the costs

Working out how much you can afford to repay on a home loan plus all the associated costs of buying a property - like stamp duty - is the first step.

Of course, buying at auction means the final purchase price remains unknown until the hammer falls. But a defined financial limit means you'll know when to stop bidding.

Use a home loan calculator and speak to a financial planner to understand all the costs of buying a property.

### Step 2:

#### Arrange finance

Make sure you're ready to bid. That means knowing exactly how much you can borrow comfortably because your lender has assessed your situation and approved a specific amount.

Visit your lender before you start looking for a property and arrange pre-approval so you're set to go. With an approved home loan you can benefit from competitive interest rates and terms, plus the convenience of pre-approval.

### Step 3:

#### Do your research

It can take time to find the right house. Researching the area will give you an idea of prices for similar properties.

Attend auctions in the area so you understand the strategies agents use and what to expect.

Before buying at auction, make sure the property is solid - arrange building and pest inspections. And read the contract, certificate of title and section statement so you understand what you'd be buying. If possible, ask a solicitor to look over the paperwork with you.

### Step 4:

#### Ready, set... auction!

Before the auction, decide who'll bid for the property-speak with the real estate agent. You can ask someone to bid on your behalf; they may need to sign a proxy form.

If the reserve price-the minimum the seller will accept - is reached and you're the winning bidder you'll have to sign a contract of sale and pay 10% deposit immediately after auction. Ask

the agent how you'll need to provide the deposit. Will you need a personal cheque book?

If the reserve price isn't reached but you are the highest bidder, the agent may negotiate with you and the seller afterwards.

### Step 5:

#### Be prepared to walk away

If your heart's set on a particular property, it can be difficult watching someone outbid you. But it's better to walk away without a property than with a debt larger than you can repay.

Remember your financial limits and stick to them. You'll avoid paying more than you can afford - or than a property may be worth - and stay out of the emotional charge an auction can create.

Making the decision to buy or not to buy can be complex, so it's important to talk to your financial adviser before you take the plunge.

STW Financial Services Pty Limited  
225 Sharp Street COOMA NSW 2630  
02 6455 1000  
cooma@hillross.com.au  
www.hillross.com.au/hillross-cooma

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