SHARTRU WEALTH

Top 5 Superannuation Mistakes

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1. Having multiple super funds

Multiple funds means multiple fees and likely multiple insurance policies and premiums. The number one mistake we see is not having all of your super in the one fund. How can you keep track of performance & fees where you have two, three or even four funds? Number one super strategy is to get all of your super together into the one account.

2. Fees vs performance

We all know we should be on the look out for a fund with lower fees, but that is only one part of the equation. What we need to look at is the big picture – what has the performance been in comparison to fees? Low fees are great, but if investment performance has been poor, then you will be worse off overall. Of course, past performance is not a reliable indicator of future performance, but we can get a feel for how the investments have tracked in the past in comparison with benchmarks and other funds.

Remember, fees are not everything, they are just one piece of the puzzle.

3. Poor investment choice

About to retire? Then perhaps it is not best to have all of your money in high growth Emerging Markets shares!

Got 20 years to retirement? Maybe cash is not the best place to invest.

Investing in assets suited to your risk profile and personal goals will help you get more from your super. The default option is designed to suit the widest range of members, but it is best for you? Talk to a professional about what suits you personally and reap the rewards.

4. Assuming your employer’s default fund is right for you

Every Australian employer has to offer their employees a default super fund. If you don’t choose a separate fund to pay your super to, this is where it will all go.

Around 80% of Australian super fund members3 are in their employer’s default fund — and for many, it could be the right choice. That’s especially the case now that the Government’s MySuper regulations have created a new breed of default super funds, with lower costs and standard insurance benefits.

But if you would like more control over how your money is invested, you might prefer a fund that offers more investment choice. And if you’re a confident investor with the time to manage extra administration responsibilities, you might even consider starting your own self-managed super fund (SMSF).

5. Having no interest in super at all.

This is the biggest mistake we see. Super is YOUR MONEY! Make sure you review your super at least annually. Can you (or should you) invest more in super? How has the performance been? Fees? Is your insurance correct?