



## MEDIA RELEASE

# Haven't got a million bucks to put in super?

## *Virgin Money's Simple Super Tips the rest of us need to know*

6 June 2007 - With the new super changes only weeks away, Australia's millionaires are rushing to make big fat deposits into their super funds before lighting a celebratory cigar. For the rest of us - who don't have a lazy million lying around - sorting out super is the long lost cousin of last year's tax return.

Virgin Money CEO David Wakeley said that many Australians were missing out on maximizing their super investments and some excellent tax breaks. "Super tends to be something we put off - it's too complicated, retirement seems too far away, and some people think that if you don't have a million dollars then there's just no point."

The reality is the opposite - non-members of the high rollers club, more than anyone else, need to be sorting out their super.

"Even if retirement isn't on the horizon, super is one of the smartest investments you can make for your future, especially now with some highly effective tax benefits. That is, if you follow a few simple and easy guidelines," Mr Wakeley said.

With Virgin Money's top 10 things you need to know about super (see below), you will have all the tricks up your sleeve to make sure your super fund works overtime, so you don't have to.

SuperRatings Managing Director, Jeff Bresnahan said that it was time for Australians to take ownership of their super. "It is essential that people understand what they are getting from their super fund. Many funds, including Virgin Money's super fund offerings, have sought to simplify and take the jargon out of what is perceived to be a complicated industry and this is to be applauded," Mr Bresnahan said.

"From day one we stepped in to simplify super and cut the jargon and clutter out of what was typically a complicated environment. We've shaken up the market with industry leading online applications, a low flat 1% management fee, no exit fees and strong performing index funds invested by Macquarie Funds Management, and now we just want to make sure people are aware of their options," Mr Wakeley added.

In 2006, Virgin Money contributed to the Government's super reforms, making it easier for people to switch between super funds, giving them the option to make their own investment choices. In addition Virgin Money's website (<http://www.virginmoney.com.au/superannuation/>) clearly outlines what the upcoming changes mean in simple language, includes industry insights and also provides links to the relevant Government information including the ATO's Better Super website.

## **Virgin Money's top 10 things you need to know about super**

### 1) Lost super - it's time to rollover

Number one should be a no-brainer but it's staggering to learn that there's nearly \$10 billion in lost super sitting in various funds out there. That's 5.7 million Australians that are missing out on bigger returns by having one lump sum invested, and they're also likely to be paying extra fees on multiple funds. So if you've just started a new job or you just haven't gotten around to it, roll your super into one fund so it can start working for you.

## **2) Say yes to the Government's generous offer to put extra money into your super**

It's not every day that the Government does a good deed but if you're under 65, earning less than \$58,000, and putting extra money into your super, that's exactly what they're doing. For every extra dollar you contribute to your super, they will throw in up to \$1.50, depending on your salary. In the recent budget it was announced they would double that amount for anyone who contributed in 2005/06. Who knows, maybe they'll surprise us again next year.

## **3) The million dollar question for those that don't have a million**

If you're earning more than \$58,000 but haven't quite hit the million dollar jackpot, the answer is salary sacrifice, putting a portion of your pre-taxed salary straight into super. Doesn't sound as exciting as splurging on a new pair of jeans, but the reality here is that you may get some pretty nice tax breaks by reducing your taxable income. In addition the part of your salary that you throw into super is generally taxed at only 15%.

## **4) Self employed? As of July 1, you're in luck!**

The really big news is that for the first time, those fabulous self employed entrepreneurial types will now be able to throw extra dollars into their super and make the most of the Government's co-contributions. In addition, the funds you put into your super are tax deductible so the more you put in, the more you can reduce your taxable income.

## **5) Have a think about the kind of life you want to live when you retire**

Many people just assume that they'll be quitting work at 60 and living the life of luxury but that's not necessarily the case. Think of it this way, if you want to retire on 75% of your annual salary then you need to be topping up your super because the compulsory employer contributions of only 9% may not quite get you there. If you have good genes and think you might live well into your 90s or beyond then you may want to throw in a little more for good measure, or good health.

## **6) Time for motherhood? That's not going to help your super fund, ladies...!**

Women are encouraged to go ahead and start a family (one for mum, one for dad, one for the Government, or so the saying goes) but there's not a lot of love in return. For mums, being out of the workforce for a year or two or longer means that the gap in super contributions can have a big impact on your super fund. Same goes of course for stay-at-home dads! Co-contributions and the resulting tax breaks they provide, can make a difference. Then of course there's always tip #7.

## **7) All loved up and dreaming of your golden years together...**

Planning on ocean cruises, campervan holidays around Australia and watching sunsets with the one you love as you grow old together? Well, power wives and hubbies, whichever one of you is the breadwinner in the family, or at least earning a bit more - depending on what you earn, you can contribute up to a certain amount to your cupcake's super and claim a tax rebate for it. Aww, ain't love grand!

## **8) How well do you know your super fund manager?**

It takes a lot of trust to hand over your life savings for someone else to manage, so do you know all the fine print? Is your fund manager one of the industry's best? How well is your fund performing? Are they more interested in their million dollar customers? Are they charging you too much commission? Will they sting you with exit fees if you want to leave? Do you have access to all the information you need at your fingertips? If you're not so sure, then perhaps you need to rethink your super fund.

## **9) Seeing double savings? How about double tax breaks!**

As of July 1, you'll be getting a little extra in your weekly pay packet. If you're earning less than \$58,000 and you haven't worked out the best way to spend it yet, you could put it into your super. That way, you get an extra tax break from your tax break. This is

because when you put your bonus tax money into super as a co-contribution, it may become a tax deduction depending on what you earn.

**10) ...and to those that are putting \$1million into their super before July 1, Virgin Money would like to say a big congratulations for a great job in managing your finances!**

Virgin Super was recently ranked in the top 15% of Rainmaker's best funds and Virgin Super for Business was awarded SuperRatings' Best New Product in 2005/2006. Virgin Super is a great value fund without all the confusing jargon and hefty management fees. Funds are invested by the experts at Macquarie Funds Management, our management fees are well below industry average at a super low 1% and we provide regular, plain English performance updates so you understand how your super is working for you.

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**About Virgin Money:** Virgin Money is the financial services arm of Sir Richard Branson's Virgin Group. We launched in Australia in May 2003 to do one thing - shake up the financial services industry. Today, we're well on our way to achieving that goal with award-winning products spanning credit cards, home loans and superannuation. Virgin Money products are simple, great value and transparent, and we're backed up by our world-famous Virgin customer service. There's no funny stuff, just money stuff. <http://virginmoney.com.au>