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Time to Review Your Super Balance

Given the heavy falls in share market values over the last 18 months or so, most people looking at their superannuation balances would be depressed by the losses shown in the value of their investments, however members of super funds should be looking past this to make sure they are taking advantage of other opportunities.

Generally speaking, super fund members, especially those in the accumulation phase, often do not take enough interest in looking at the right approach for their superannuation investments. Therefore, the disastrous results that most superannuation fund members have experienced over recent times should not trigger a knee-jerk reaction as a reason to change their investments.

As an alternative fund members should consider whether there is any way that their 'paper losses' could create opportunities for the new Financial Year.

Younger members of super funds must always bear in mind that markets have plenty of time to recover these losses before their retirement as well as adding further to their superannuation assets. While, at the other end, many retirees could in fact gain benefits by carefully considering their financial strategy. Some areas to consider include:

Contributing more into super

While it is still uncertain whether we have reached the bottom of the market, we are definitely at a low point, so now is a good time to be considering contributing more into superannuation to take advantage of depressed share prices.

Note that from 1 July 2009, the concessional contribution limits have halved to $25,000 for the under 50's and $50,000 for those aged 50 and over. These amounts include super guarantee contributions made on behalf of the person.

Consider taking a pension

People aged 60 and over who have not previously taken a tax-free pension from their super fund should consider whether now is the time to turn on such a pension. This particularly applies to people who are still working as there are tax advantages in taking a tax-free pension and sacrificing more salary into superannuation. Though the halving of the concessional contribution limits has significantly reduced the amounts that can now be salary sacrificed into superannuation.

Review the investment mix

People shouldn't look at their low (or negative) superannuation returns for the last year and based on that alone, decide to change funds or take a more conservative approach by rebalancing into cash or fixed interest.

For younger fund members in particular, superannuation is still a long-term approach. Even those in retirement and drawing a pension should generally have a long-term outlook.

Moving into more conservative asset allocations right now is only crystallising losses at a low point in markets.

The time to have done this has most likely passed and now is probably a good time to be buying growth stocks, while the market is depressed, rather than selling them near the bottom.

Buying life insurance through a super fund

Buying life insurance through a superannuation fund is very cost-effective because of the tax benefits, rather than purchasing a policy from after-tax dollars.

Family breadwinners who have a young family and mortgage responsibilities should seriously consider having some form of life cover.

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