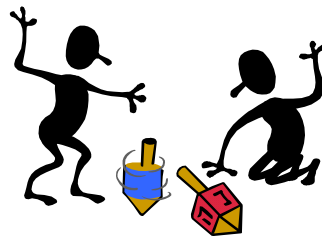


The first mistake

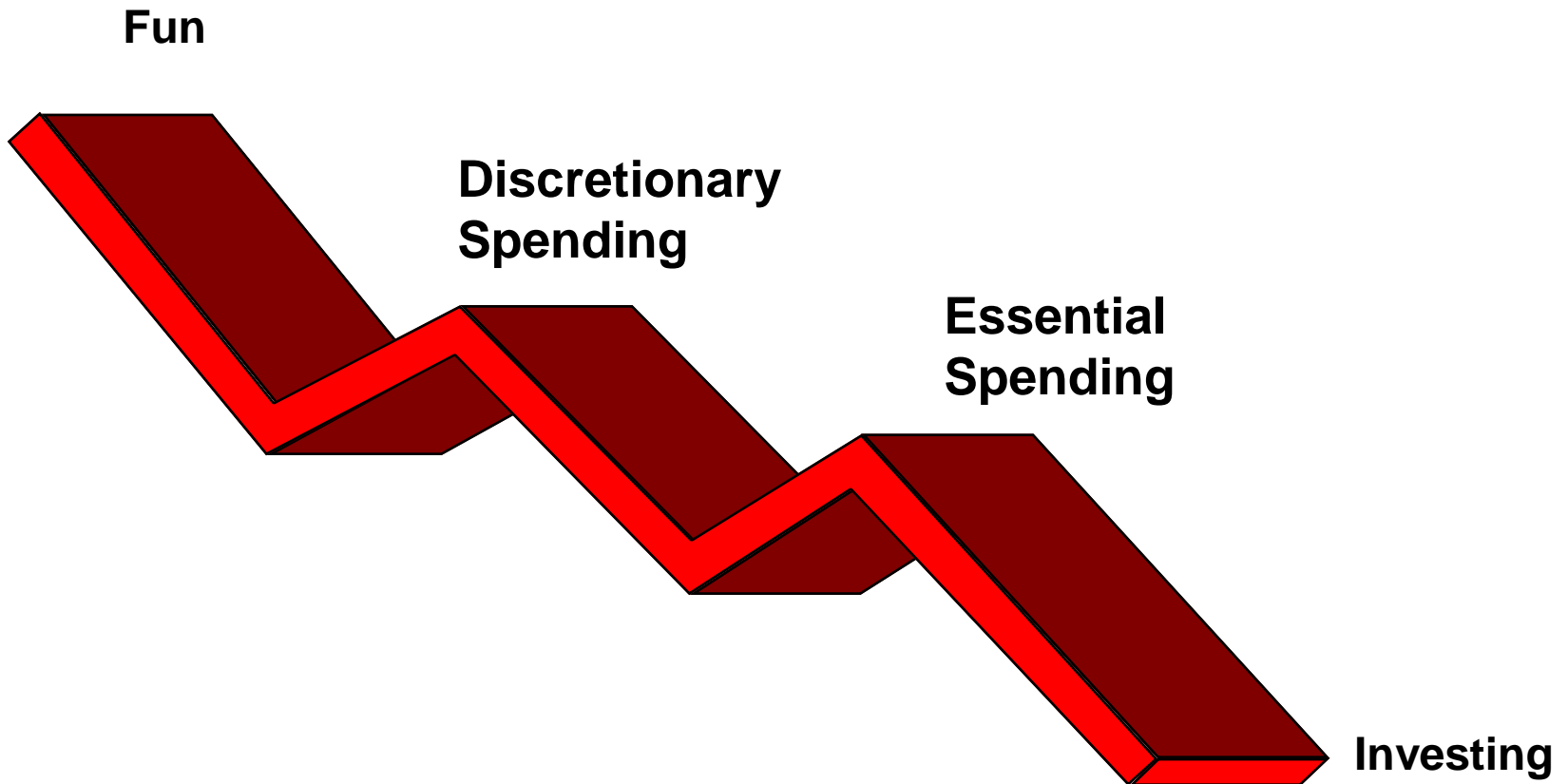
Spend in the wrong
order

Remember...

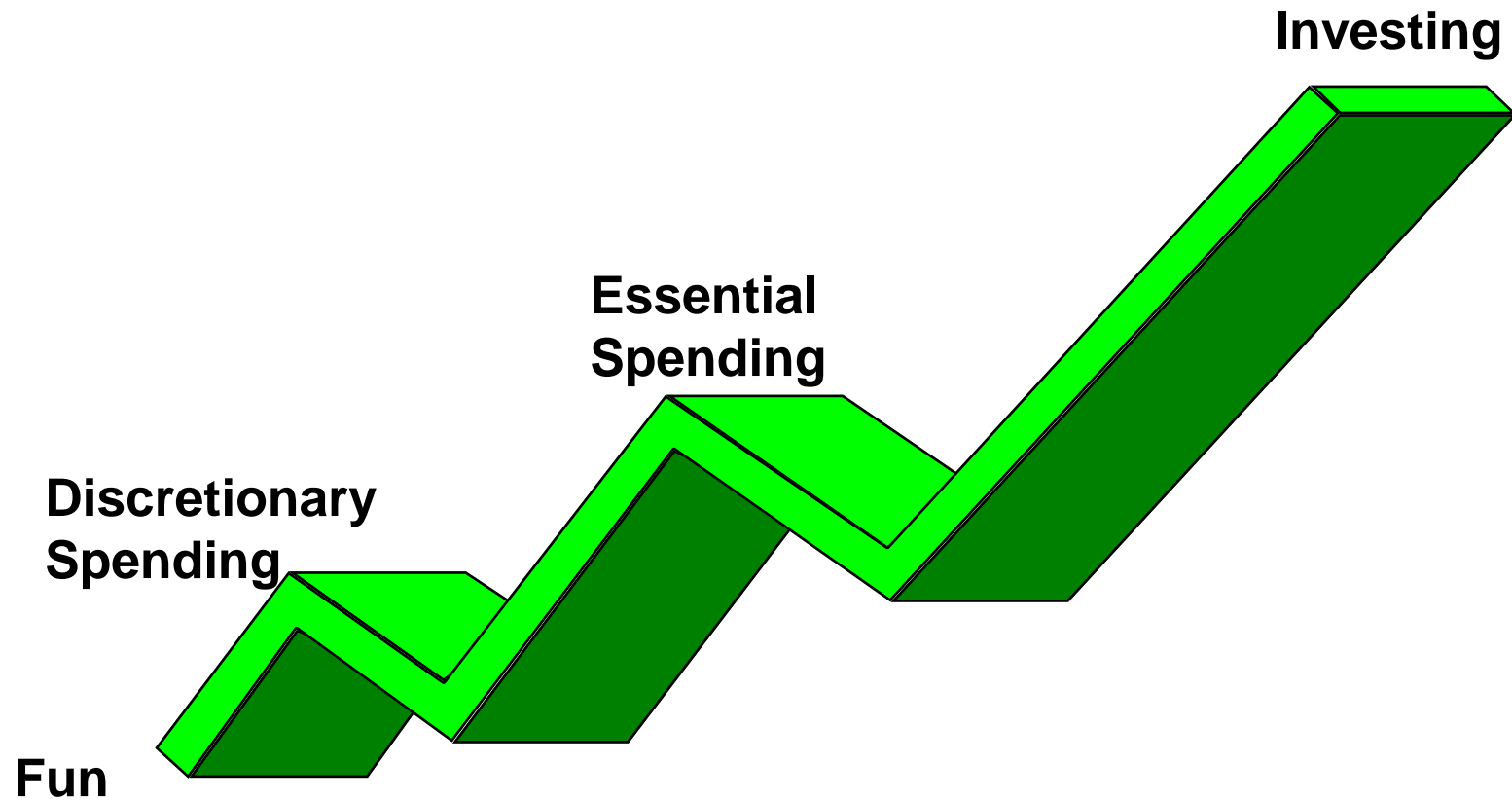
The average person will pay
their commitments but will
never save a cent!



The Average Budget



The Winner's Budget

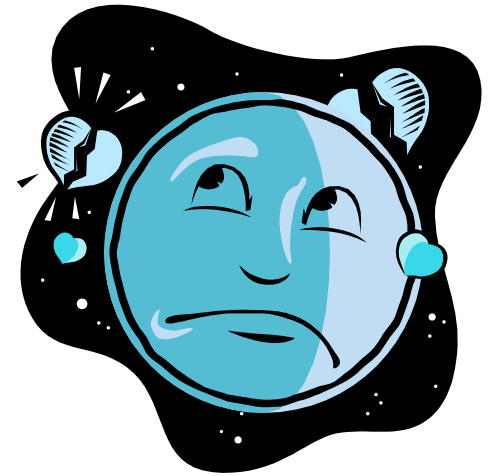


The second mistake

Don't understand
compound interest

Compound Interest – the 8th wonder of the world

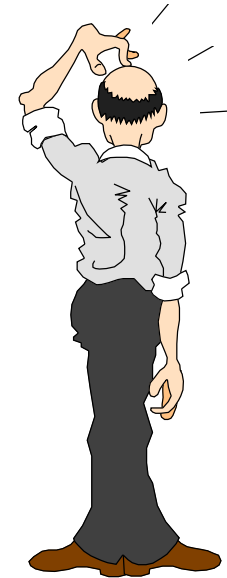
Time and rate



Two years

\$1,000 a month @
6% = \$25,000

\$1,000 a month @
12% = \$27,000



Thirty years

\$1,000 a month @
6% = \$1 million

\$1,000 a month @
12% = \$4 million



\$100,000 loan @7% - Total Interest

5 years **\$19,000**

10 years **\$39,000**

30 Years **\$140,000**

50 years **\$260,000**

The third mistake

Don't understand how
little things add up

Just \$2.80 a day (\$1,000 a year)

- Start October 1981

\$164,000

- Start May 1983

\$122,000

- Start May 1985

\$89,000



\$1,000 a year



\$164 000
@ 10% for 40 years
= **\$9,000,000**

Target = \$9 million



Invest \$1,380
for 40 years
= \$662 400

The fourth mistake

Think property is the
only investment

		BRISBANE		SYDNEY		PERTH	
Year	AWOTE	House prices	Times earnings	House prices	Times earnings	House prices	Times earnings
1977	14,410	31,000	2.15	43,000	2.98	33,400	2.32
1987	23,608	62,000	2.63	119,900	5.08	61,200	2.59
1993	31,356	125,000	3.99	186,500	5.95	107,200	3.42
1995	34,372	134,000	3.90	200,700	5.84	127,500	3.71
1997	36,972	134,000	3.62	235,000	6.36	131,000	3.54
1998	38,688	142,000	3.67	266,000	6.88	139,600	3.61
2000	41,600	143,000	3.44	301,600	7.25	152,800	3.67
2006	55,016	330,000	6.00	521,500	9.48	415,000	7.54
2010	65,000	443,000	6.82	637,000	9.80	575,000	8.88







Bought May 1990

Cost	\$500,000
------	-----------

Value now	\$1,000,000
-----------	-------------

Bought May 1990

Cost	\$500,000
Value now	\$1,000,000

\$500,000 invested in ASX Accumulation Index in
May 1990

= **\$3,486,000**

The fifth mistake

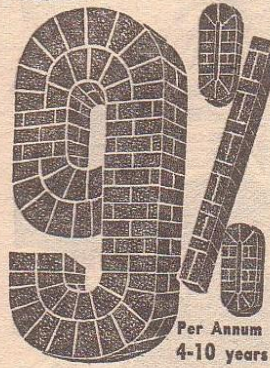

Don't understand risk

You lose your money as the institution goes broke

1960

34

CAMBRIDGE CREDIT CORPORATION LTD.



Per Annum
4-10 years

Currency and Interest per annum	
9%	4-10 years
8%	3 years
7 1/2%	2 years
7%	1 year
6%	6 months
5%	7 days' call

INTEREST PAID QUARTERLY FREE OF EXCHANGE

CUMULATIVE DEBENTURE STOCK
8% per annum for 4 - 20 years compounded on yearly rests.

**REGISTERED
FIRST MORTGAGE
DEBENTURE STOCK**

RENEWAL INTEREST RATES	FUNDS MAY BE WITH- DRAWN
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1960

force or feeling is pretty rare, amongst a mass of indifferent

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A G C
in which the Bank of New South Wales has a 40% shareholding.
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6 to 10 years **7%**
and 15 years
4 years $6\frac{1}{2}\%$ 3 years 6% 2 years $5\frac{1}{2}\%$
Short Term Stock also available from 3 months at $3\frac{1}{2}\%$ p.a.
Application for Debenture Stock can be accepted only on the printed form included in the prospectus. Copies of the full prospectus with application form obtainable from any A.G.C. Branch, your Stockbroker and all Branches of the Bank of New South Wales.
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Whittaker
Macnaught

2006

Hopes for a better future dashed

The victims

Andrew Burrell and Tina Perinotto

Perth woman Jacqueline Hunter always dreamed that her two young children would attend private school, so in 1999 she invested \$20,000 in a property scheme on the advice of her financial planner John Whitehead.

The money went into a syndicate which developed the Paragon apartments in Perth's central business district on the promise, detailed in an information memorandum, that she would receive high returns over the next two years.

What she didn't know at the time was that the smooth-talking Whitehead was probably receiving hefty commissions. Nor did she know that Whitehead was about to become a director of Westpoint's mezzanine fund-raising companies and that in 2003 he would be slapped with a two-year ban by the corporate regulator for misleading and deceptive conduct.

"He sat there across the desk and he said 'this investment will put your kids through private schooling'," she recalls. "Everything seemed so official and guaranteed."

"He said he didn't normally get his family and friends in investments but on this one he was letting them all know."

The first sign of trouble came when Hunter received a letter soon after the two-year investment period ended, advising her of delays to the Paragon development.

Later, with hopes fading of any real returns from the project, shareholders voted in 2002 to roll over their investment into another Westpoint development in Market Street, Melbourne.

As recently as last September, Westpoint staff assured Hunter that she would see her \$20,000 again and that the 60 Market Street mezzanine company had a cash surplus of \$7.6 million.

Liquidator PricewaterhouseCoopers now says the Market Street development was probably relying as early as March last year on loans from Westpoint Corporation to make interest payments to investors.

Hunter says she is too nervous about taking part in a potential class action against



Jacqueline Hunter is resigned to never seeing her \$20,000 again.

Photo: ERIN JONASSON

Nicholson and her husband wanted to put aside money for their children's education.

Nicholson says she sank \$50,000 into Westpoint finance companies in 2001 on the recommendation of her boss at the time, Richard Beck, who headed Westpoint's finance raising arm.

Nicholson was Beck's personal assistant, but she resigned to have a baby before Westpoint collapsed.

"I listened to him [Beck] all day long at work talk about it... I thought it was an excellent investment," she says of the day she handed over the money to Beck. "I asked him if I would definitely get my money back, and he said it was guaranteed."

above cash rates — helped to pay off the mortgage, but since those ended a few months ago she and her husband have been scraping together every cent to pay the bills.

Her husband, a water driller, is working as many hours as he can to earn \$900 a week after tax "just so we can stay above water".

While she does not blame Beck for the disaster, she points out that she asked her former boss to return the money nine months before Westpoint collapsed but was told not to worry.

Nicholson and Hunter are just two of up to 4000 investors who ploughed at least \$320 million into Westpoint on the advice of their financial advisers and who may never

Action Group, headed by Sydney man Graham MacAulay, who lost \$300,000.

The average investment in Westpoint was \$150,000, according to Peter Johnston, the chief executive of the Association of Independently Owned Financial Planners.

Interest payments were 12 per cent and when the investments expired investors were offered an additional 2 per cent interest to "roll over" the money, that is, allow it to be placed into another Westpoint project.

Financial planners got a hefty cut along the way, with kickers for encouraging rollovers.

Some financial planners, however, claim that they too were duped, placing their own money in the schemes, and are now suffering the double whammy of their personal investment losses and loss of business as the

I asked him if I would get my money back, and he said it was guaranteed.

fallout from the fiasco broadens.

Ian Bristow of Melbourne-based Money Matters claims his firm was only paid 3 per cent in commission and that he put \$400,000 of his own money in.

"My policy here — and it's critical — is that if we recommend anything out of the mainstream, I invest in it too," he says.

He is now selling property investments to contribute to a fund to pay back his own clients, who have lost around \$8 million.

But other investors may not be so lucky.

The IMF funded class action by Slater & Gordon is now under review because there are so many escape clauses in the insurance covering the financial planners, but it is understood other avenues for compensation are being pursued.

The best bet for investors could be the Financial Services Complaints Service, a private company that can hear complaints and order compensation up to an agreed amount.

But critics have pointed out that at an average of 10 clients each with an average investment of \$150,000, it won't take long for the financial planners to go broke.

IMF says there about 100 financial planners out there on

2007

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9 MONTHS	9.00%	9.25%
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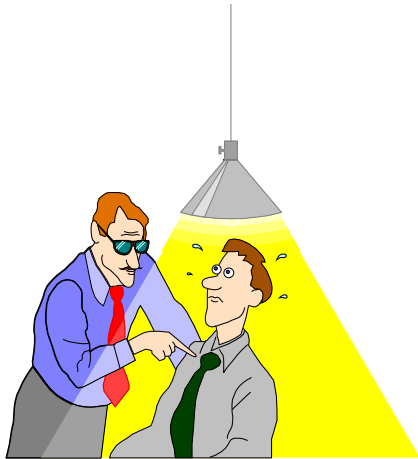
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NAB TO REOPEN ITS FOREX SERVICES - PAGE 31

'It is a temporary pull-back in our view but it may be more protracted in the US' — *ECONOMIST BRIAN REDICAN*

Sharemarket in meltdown

**Wall Street
worries
hit trade**

James McCullough

THE Australian sharemarket free fell for the fourth consecutive day yesterday, the two-year bull run hailed as concerns widened about the duration of Wall Street's sudden decline.

The fall started within minutes of the opening of trading with the key All Ordinaries Index slipping 50 points and continuing the slide throughout the day, the health-care, mining and energy sectors particularly hard hit.

The All Ords plunged to its lowest finish since December, falling 56.7 points, or 1.6 per cent, to 3896.5.



MARKET ACTION		
All Ords	-56.7	3896.5
ASX 200	-54.9	3959.4
NASDAQ	-432.25	10,938.44
50	-490.29c	US78.50c
Gold	-0.0500	805.00

LEADERS		
ANP	+21c	\$8.51
NAB	+38c	\$28.36
Teletra	+8c	\$4.96
News Corp (MWS)	+35c	\$21.35
BHP	+28c	\$16.40
Coles Myer	+15c	\$8.04

**Big issues
behind the
volatility**

The Sydney Morning Herald

SATURDAY, AUGUST 29, 1998

No. 50,231

FIRST PUBLISHED 1831

\$1.50*



A YEAR
ON...
WILLIAM
SHAWCROSS
EXPLAINS

THE
DIANA
EFFECT
SPECTRUM



THE
MEN'S
ISSUE

GOOD WEEKEND

THE NEW
BATTLE
FOR
TIGER LILY

NEWS - PAGE 3



WORLD MELTDOWN

☐ \$A still struggling

☐ Tokyo, Wall St slump

☐ Global recession fear

THE LEAD-UP

AUGUST 17

Moscow announces three-month moratorium on foreign debt payments pending rescheduling, and effective rouble devaluation due to being short of cash to pay salaries and pensions.

AUGUST 23

President Boris Yeltsin sacks entire Government of Prime Minister Sergei Kirilenko, brings back Viktor Chernomyrdin as acting Prime Minister.

AUGUST 25-26

Rouble collapses, run on banks leads to closure of foreign exchange markets. Fear of default halts further credit to Russia.

AUGUST 27-28

Expectation that Russia will be forced into cut-price exports of oil and minerals to cover its import bills causes crash in currencies of commodity-based economies like Australia, Canada, South Africa, Latin America.

HOW AUSTRALIA WAS HIT

COMMODITIES

The crisis has exacerbated a world decline in commodity prices. Among the worst hit are Australian miners and farmers (although falling \$A will help buffer the impact).



CURRENCY

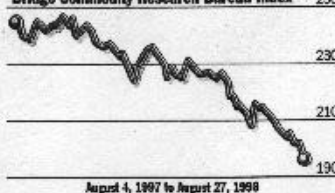
The \$A hit an all-time low this week, in large part because of commodity price fears. But its long-term decline was triggered by the Asian economic crisis.



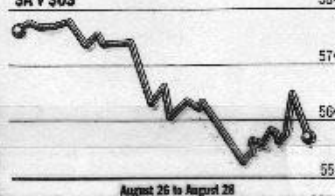
SHARES

Sharemarkets around the world have taken a hammering in the past two days, because of renewed fears.

Bridge Commodity Research Bureau Index



SA v SUS



All Ordinaries Index



WHAT NOW

THE COST OF A RESCUE

Russia may need as much as \$US50bn to reassure foreign lenders and investors and thus bail itself out of the latest crisis, many financial experts believe. IMF rescues are so far failing.

The first \$US4.8bn of the \$22.6bn committed by the IMF in July has already been poured into a futile defence of the rouble. The rest of the money will not come for months.

WHO WILL PAY

Because IMF resources are almost depleted by existing bailouts for Thailand, South Korea, Indonesia and Russia, a new rescue plan of the scale being discussed would involve the Group of Seven industrial countries (US, Japan, Canada, France, Germany, Italy, Britain).

HOW IT WILL BE DONE

But to make currency support work, Moscow needs to reform its tax system and end widespread tax evasion, which causes large budget deficits and cuts confidence that Russia will be able to repay its debt. Instead, it has been relying on larger and larger rollovers of short-term rouble debt. To do this, Western

HERALD
DON'T BE
CAUGHT
BEATING THE
\$ CRISIS

MAX WALSH

Any interest rate increase will have to be significant and dramatic - of the order of five per cent or even much more.

NEWS REVIEW Page

YOUR SURVIVAL GUIDE

In this environment, it pays to think defensive ... this isn't the time to be taking risks.

ANNETTE SAMPSON Page

WHAT YOUR DOLLAR BUYS

US	US\$6.2c
Britain	33.8p
Hong Kong	SHK4.35
Germany	1.01 DM
Japan	80.5 Yen
France	3.36 francs

The Sydney Morning Herald

WEDNESDAY, OCTOBER 29, 1997

No. 49,971 FIRST PUBLISHED 1831

90c+

THE SLIDE OF '97

EIGHT-PAGE SPECIAL EDITION - INCLUDING FOUR-PAGE LIFTOFF



\$1 billion-a-minute freefall

HOW TO PROSPER



PAUL ORLIN
If you have cash, this will become a wonderful opportunity
PAGE 30



By SEAN AYLMER and PAUL CLEARY

Panic on the world's stockmarkets intensified in Europe last night, as frantic selling in London and Frankfurt followed the biggest single-day drops in New York and Sydney since the 1987 crash.

The worldwide sell-off was fired by a dramatic day's trading in New York on Monday, where the Wall Street exchange was shut down and then closed early in an attempt to limit the selling.

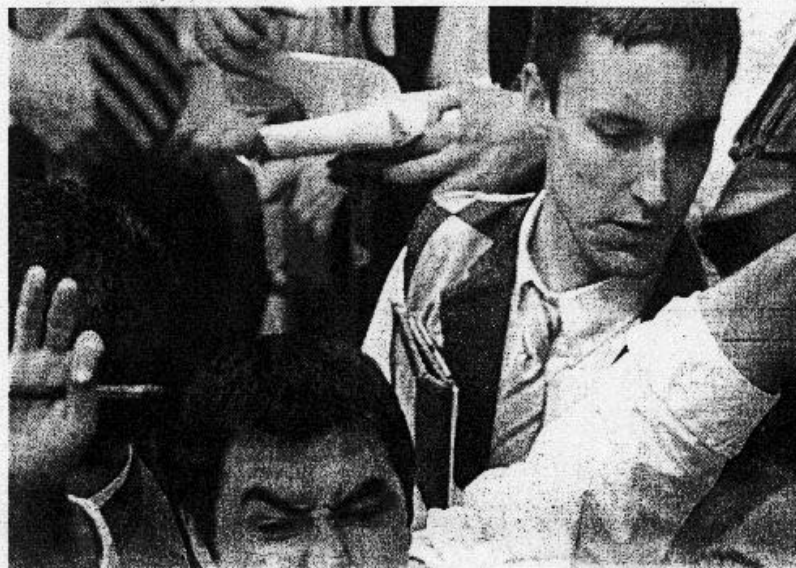
The Dow Jones Industrial Average on Wall Street fell 7.18 per cent, fuelling a wave of panic selling in Australia and throughout Asia.

The panic continued on European markets as afternoon trading showed London's stock-market index down 6.7 per cent, Germany 8.5 per cent and France 8.5 per cent.

Indicators on the likely trading on Wall Street overnight (Sydney time) predicted another substantial drop on Wall Street.

In local trading yesterday, the sell-off wiped \$27.4 billion off the value of Australian shares with the All Ordinaries Index at one stage diving 10.4 per cent, before closing down 7.18 per cent.

In the first half-hour of



HOW IT AFFECTS YOU



INTEREST RATES: No chance of a cut in the short term, though there may be some hope for one after Christmas. Home loan rates to remain at current levels.



PROPERTY: People likely to switch money into property, pushing up house prices in the mid-price range. At the top end of the market, prices face a short-term fall as some investors sell their homes. Many Asian investors will leave the market, hurting the inner-city apartment boom.



SUPERANNUATION: Investment returns for super funds to fall, reducing retirement payouts. Retirees relying on share-market linked investments



MAX WALSH

The bull run that had to end

How did it happen that seemingly out of nowhere the financial markets of the world have gone into meltdown?

Even with the advantage of hindsight the experts are still not in full agreement as to why the markets crashed in 1929 and in 1987. Both were far worse crashes than this one - at least so far.

What all three situations had in common, however, is that on each occasion there was a significant minority claiming that the equity or sharemarkets were



THE AUSTRALIAN

NUMBER 10,294

WEDNESDAY OCTOBER 29 1997

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12 pages of
Higher
Education



All Ordinaries
October

MARKETS IN TURMOIL

THE SHARE CRASH OF 97

All ords loses \$27bn after record US fall

By markets writer WAYNE ADAMS
and CAMERON STEWART in New York

AUSTRALIAN shares lost \$27.4 billion, or 7.2 per cent, yesterday as world stock markets crashed after Wall Street suffered its largest one-day points fall.

While John Howard played down Australia's woes, fears grew that average Australians who do not own shares could still be hit through rising unemployment — particularly through bankruptcies and problems in tourism.

The fallout from the Asian financial crisis gained momentum last night when more than \$100 billion (\$244 billion) or 10 per cent, was wiped off the value of British shares in anticipation of more falls in New York.

The epicentre of the concern, Hong Kong's share market, tumbled another 13.7 per cent.

By late trading in European markets last night, London, Paris and Frankfurt had each lost 6-8 per cent, suggesting more falls in Wall Street.

Australia's all ordinaries index fell as much as 267 points yesterday before closing down 177.8.

University of Western Sydney senior lecturer in economics Steve Keen said while interest rates might fall, unemployment could rise.

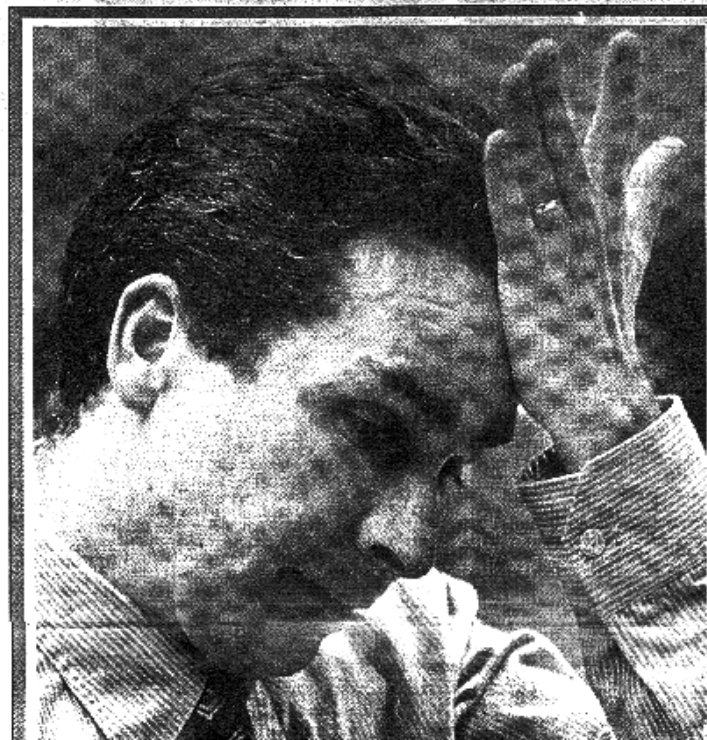
"Australia is not jumping off the ledge but we may be standing beneath the approaching corpse," Mr Keen said.

Finance Minister John Falvey conceded the crash would affect the final Telstra float price. Private investors are likely to miss out on an instant profit when the stock hits next month.

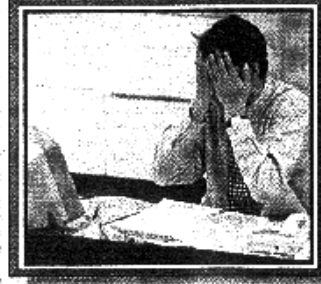
The Prime Minister stressed the Government's trade policy and economic reforms were a bulwark. Deputy Prime Minister Tim Fischer called the collapse "an economic firestorm".

Dreaded: Australia's chief economist Rob Henderson said his "best guess" was that it would

SYDNEY



Wall Street



New Zealand



February 2009

SHARES

END OF THE AFFAIR?



It lasted a long time and it had its moments of passion, but now Australians are being forced to reassess how they view shares.

EMMA CONNORS • 21

MARKET'S LONGEST LOSING STREAK • 47

NEWS

Rudd tries to stem job losses
STEVEN SCOTT + LOUISE DODSON • 3

Bank dividends under threat
MATTHEW DRUMMOND • 44*

ANZ's \$250m bid to settle Opes Prime
MATTHEW DRUMMOND + ASHLEY MIDALIA • 5

ASEAN pact worth \$41bn
TRACY SUTHERLAND • 8

Woolworths growth slows
SUE MITCHELL • 11

Battered Bligh says jobs first
MARK LUDLOW • 7

GPT loss come in at \$3.25bn
BEN WILMOT • 18

WA credit rating pressure
ANDREW BURRELL • 7

CAPITAL ID

Retiree bene should be rev
Brian Toohy

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itment consultancy

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Market rally strongest in 20 years

Fleur Leyden

AUSTRALIAN shares have notched up their strongest five-month run in more than 20 years with the ASX 200 surging 1.28 per cent to a new nine-month high yesterday.

A gathering conviction the economic tide is turning has helped carry the gains on the ASX200 that began in early March past 34 per cent.

However, some observers are urging caution. And an early warning has been sounded on inflation with the TD Securities-Melbourne Institute inflation gauge yesterday posting its strongest monthly rise in seven years.

"Rate cuts are certainly off the agenda," said CommSec economist Sebastian Savanth. "The focus for the Reserve Bank is likely to be one step in front of the inflation story."

Wall Street's best close of the year kicked off Australia's market rally and fired up other markets throughout Asia where Japan's Nikkei gained 1.89 per cent and Hong Kong's Hang Seng rose 1.68 per cent.

AMP Capital Investors chief economist Shane Oliver said optimism about the economic and profit outlook was building steam, but warned investors could be getting ahead of themselves and markets could be due for a correction.

"After three weeks of strong gains shares are arguably due for a pause," he said.



BEAUTIFUL NUMBERS: Investor confidence is building steam.

"However, the broader trend will likely remain up."

Confidence may be up but there were lingering signs that people continue to shun debt, with the RBA's private sector credit figures yesterday revealing credit rose just 0.1 per cent in June.

Annual growth slowed to 3.3 per

cent, its slowest pace since early 1993. Business credit fell 0.5 per cent, while personal credit eased 0.3 per cent. Housing credit was the only upward mover, rising by 0.6 per cent in June, as the property recovery gathers pace.

"The recovery in the property market, fuelled largely by the first-home buyer segment, has largely supported credit to the sector," ANZ economist Alex Joiner said.

"As such it is owner-occupiers that are driving much of this demand for credit which expanded another 0.8 per cent in the month."

"However, we anticipate investors and 'upgraders' will support credit to the housing sector going forward."

And concerns about inflation are growing with the TD Securities inflation gauge up 0.9 per cent in July and 1.9 per cent for the year, just below the Reserve Bank's 2-3 per cent target range.

The survey said one-off price increases in areas such as communications and utilities meant there were some doubts over whether this level of price pressure would be sustained.

However, most economists believe the interest rate cuts have come to an end and while the Reserve Bank is likely to keep the cash rate on hold when it meets next week, borrowers should be prepared for rate hikes as early as December.

Financials drive gains » P73

The peak
November 07
{6828 pts}

THE SHAREMARKET

This isn't normal...

The extreme volatility of sharemarkets in recent months has left investors wondering what's normal. They may need a new set of investment guidelines to figure it out.

ROBERT GUY + BRENDON LAU • 24

Biggest
upswing
in 22 years!

Today {4601 pts}

S&P/ASX 200

The Dow

The bottom
March 09
{3145 pts}

NEWS

**Banks defend
right to lift
rates as
D-Day looms**

MATTHEW DRUMMOND • 3

**Baby tax
breaks keep
women
at home**

JOHN FREEBAIRN • 2

**Technology
key to fortunes
of young rich**

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**Abbott's
aggressive
move to be
tested**

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**Superlinx
buy too high,
in Park
its group**

JOANNE LAFRENTZ • 11

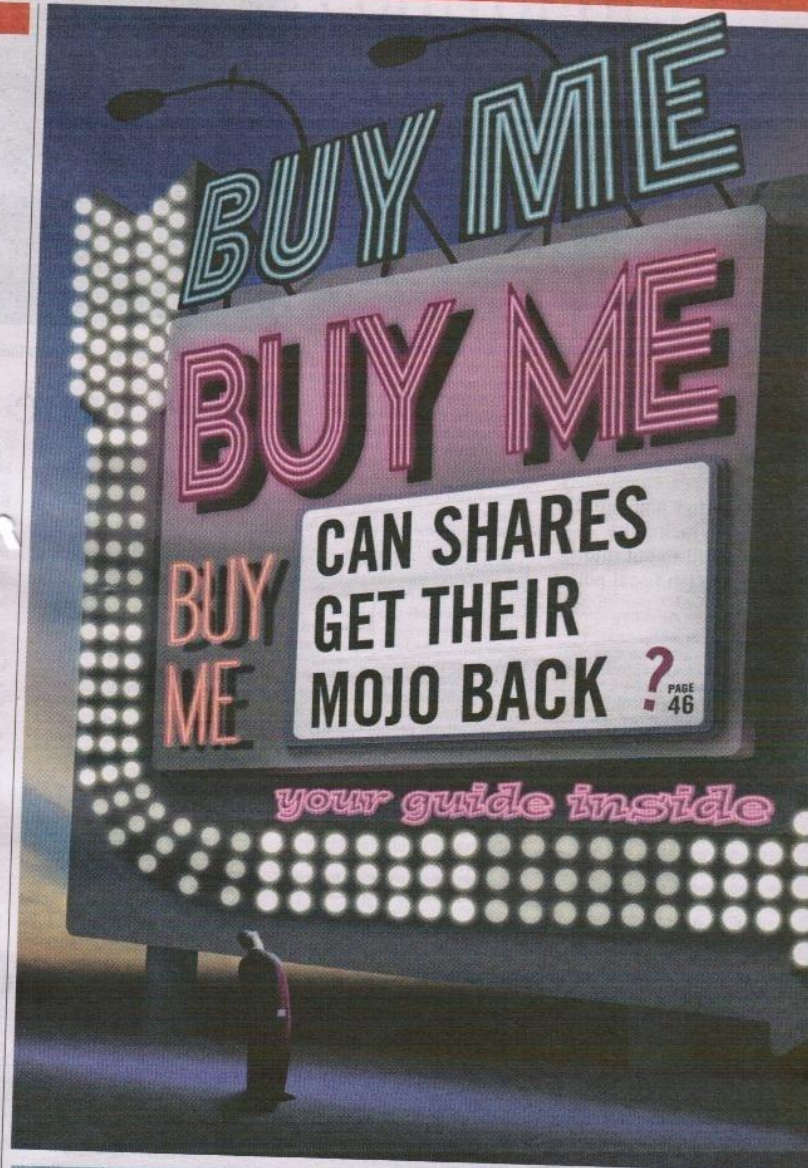
**Investors face
high cost of
currency plays**

ANDREW HUGHES • 32

**Labong
shops up
S retail
network**

JOANNE LAFRENTZ • 11

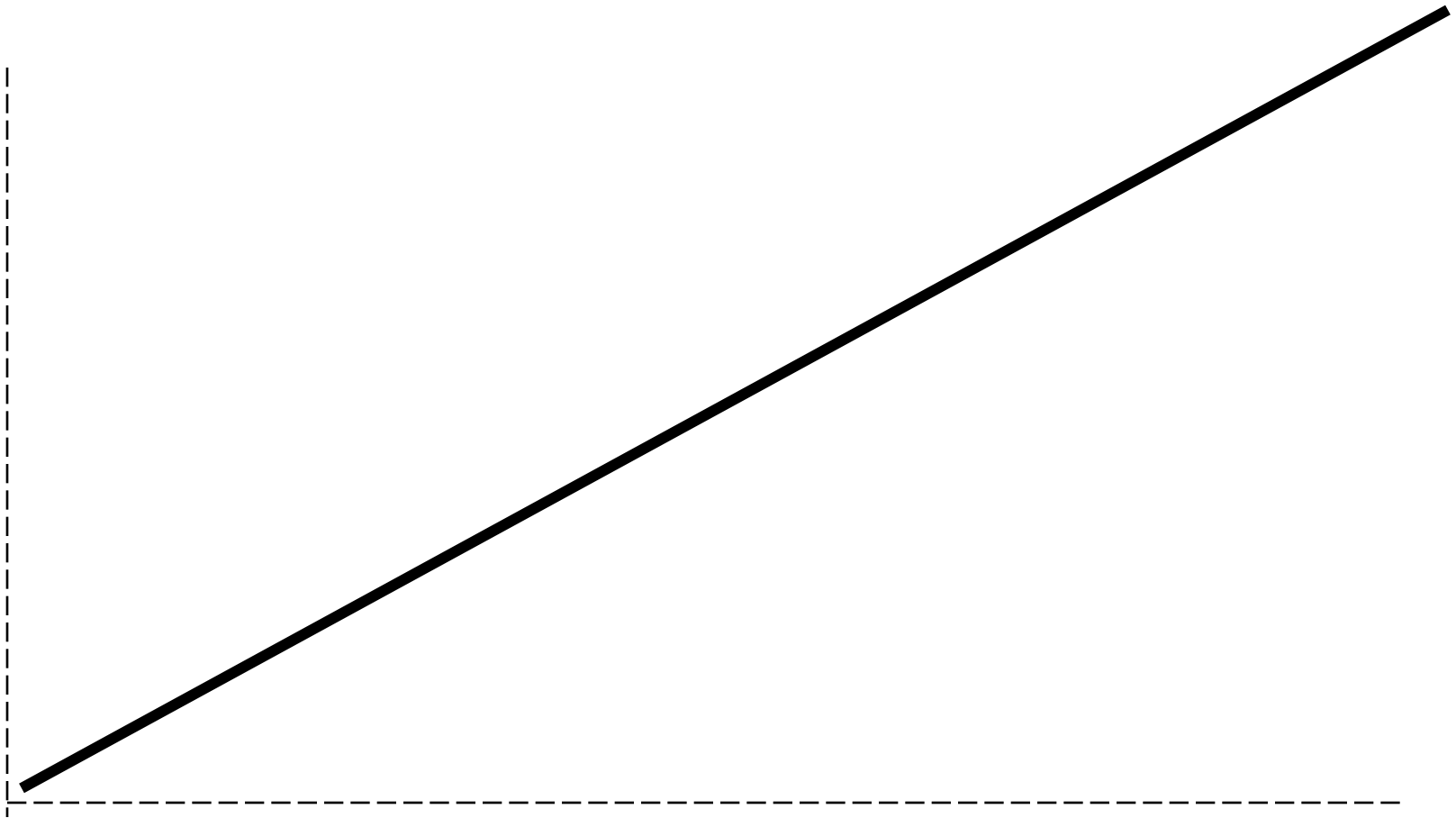
**Sh-shocked
investors look
to escape**



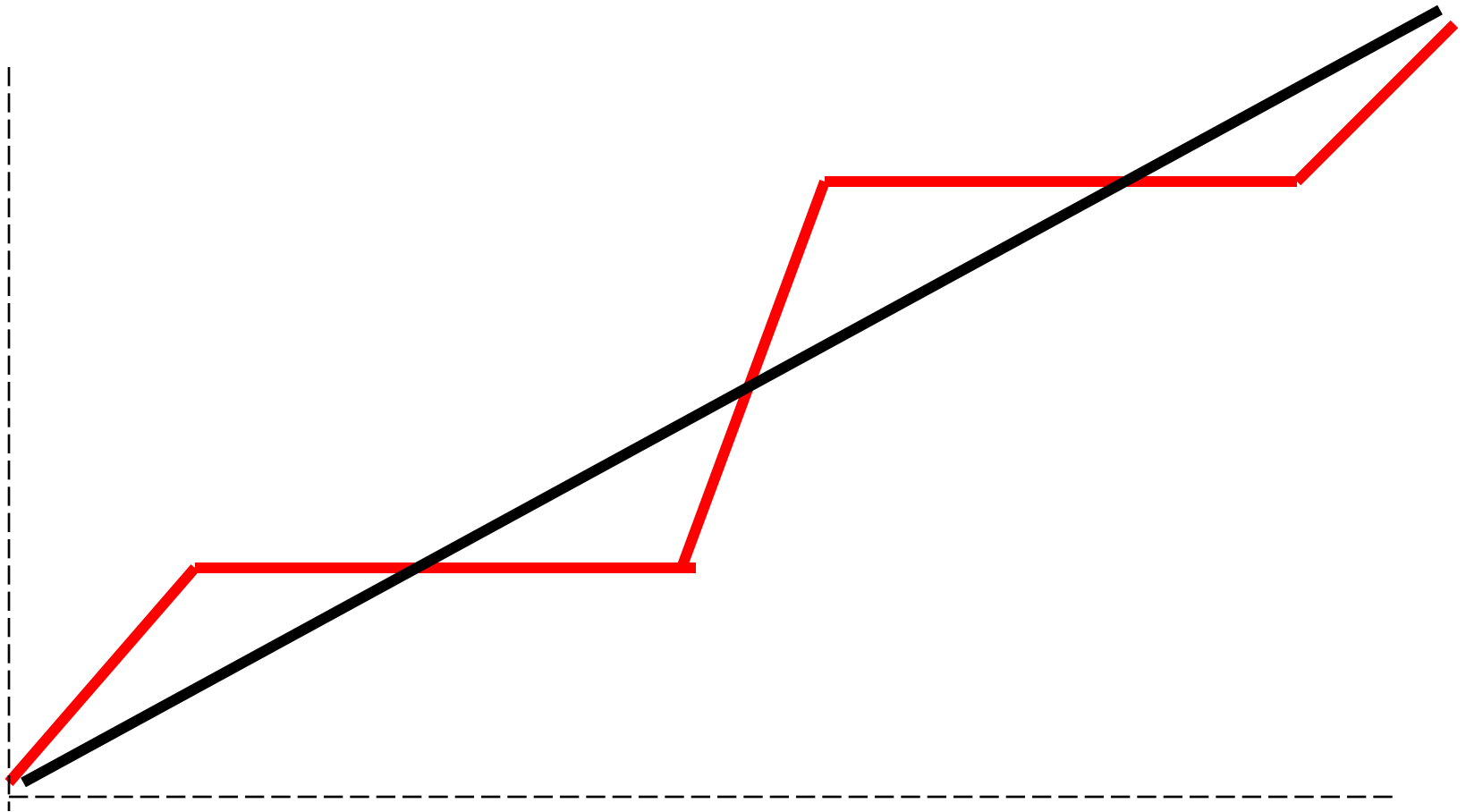
**EXCLUSIVE
PROPERTY**

Suburbs play catch-up
as top areas stumble

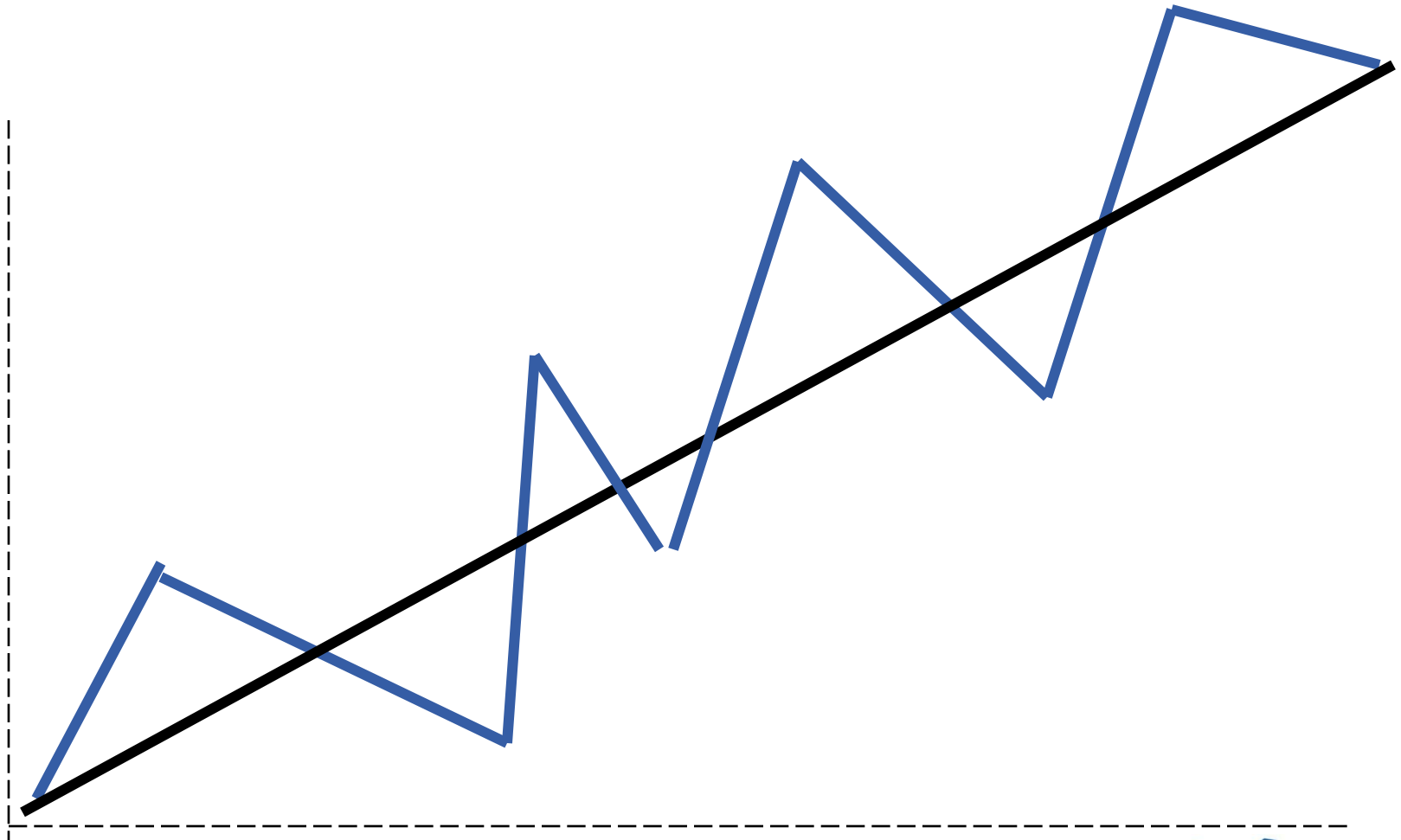
Quality Assets (in theory)



Quality Assets (in practice)



Quality Assets (in practice)



Returns of Australian shares since 1880

**All Ordinaries Accumulation Index
(capital growth + dividends)**

Decade vs Average Return

Decade	Average Return
1880s	+15%
1890s	+7%
1900s	+12%
1910s	+8%
1920s	+14%
1930s	+10%
1940s	+9%
1950s	+14%
1960s	+13%
1970s	+10%
1980s	+21%
1990s	+13%
2000s	+14%

Negative Years Per Decade



Decade	Negative Years
1880s	1
1890s	2
1900s	1
1910s	2
1920s	1
1930s	2
1940s	1
1950s	2
1960s	2
1970s	4
1980s	4
1990s	3
2000s	1

Best Year and Return

1883	+29%
1895	+26%
1903	+22%
1919	+19%
1922	+21%
1933	+26%
1942	+18%
1959	+44%
1967	+43%
1975	+55%
1983	+67%
1993	+44%
2009	+34%

Worst Year and Return

1889	-1%
1891	-10%
1901	-3%
1915	-4%
1929	-5%
1930	-30%
1941	-6%
1952	-13%
1965	-8%
1974	-26%
1982	-14%
1990	-18%
2008	-40%

This decade to end 2008



2000	5%
2001	6%
2002	9%
2003	16%
2004	26%
2005	18%
2006	19%
2007	15%
2008	40%

This decade as at NOW



2000	5%
2001	6%
2002	-9%
2003	16%
2004	26%
2005	18%
2006	19%
2007	15%
2008	-40%
2009	34%
2010	8%
2011	6% (to end June)

The sixth mistake

Always back last year's
winner

The tale of 2 switchers

- Start 1900
- Invest \$1
- Psychic switched to best on Jan 1
- Other switched to last years best



The tale of 2 switchers

- By 2000...
Psychic has **\$US 9 quintillion**
- Other person has just **\$783!!!**

Budget Measures

- 50% Tax Discount on interest income
- Applies to interest from accounts or from bonds
- Starts July 2011 (**now 2012**)
- Limit \$1000 a year
- Worth \$150 for a 30% tax bracket person – young?

Better Options

- Pay off mortgage
- Place in offset account
- Place within super

Super co-contribution

- Reduced from \$1,500 to \$1,000
- Thresholds \$31,920 to \$61,920 (frozen til 20/11/2013)

Employer Super

- Currently 9% - to be progressively raised to 12% by 2019/20
- Does not start to change till 2013/14 when it moves to 9.25%

Private Health Insurance!

- Health Rebate
- 30% to \$160,000 (\$80,000)
- 20% to \$186,000 (\$93,000)
- 10% to \$248,000 (\$124,000)
- Then **ZERO**

Medicare Levy Surcharge!

- 0% to \$160,000 (\$80,000)
- 1% to \$186,000 (\$93,000)
- 1.25% to \$248,000 (\$124,000)
- Then 1.5%

Super - Concessional Caps

- Now \$25,000 **indexed** for under 50's
- \$50,000 (non-indexed) for 50 and over till June 2012

Super – Concessional Caps May 2010

- After June 2012 can still put in \$50,000 if super balance **under \$500,000**
- **Super - Concessional Caps May 2011**
- Changing to \$25,000 plus standard indexed cap
- Assume \$55,000 by June 2012

Breaching the cap!

- Potential penalties up to **\$139,500**
- From 1 July 2011 \$10,000 excess OK if first offender
- **NO RETROSPECTIVITY**



Some clever strategies...

Don't confuse the box with the contents...



Superannuation – basic principle

Superannuation is **NOT** an asset.

It is a basket that holds other assets, such as **cash, shares and property.**



Salary Sacrifice



- Reduce your salary
- Have the boss pay the bill

Salary Sacrifice



- Earn **\$80,000**
- Reduce to **\$65,000**
- Boss pays **\$15,000** of expenses for you

Pay Life Insurance from Super

- \$2,000 a year premium
- If after tax need **\$4,000** pre tax
- Sacrifice **\$2,400** = \$2,040 net

Co-contribution

- Tapers from \$31,920 a year to \$61,920 a year
- Under 71
- Up to \$1,000 per year paid directly to your super fund



\$20 a week!

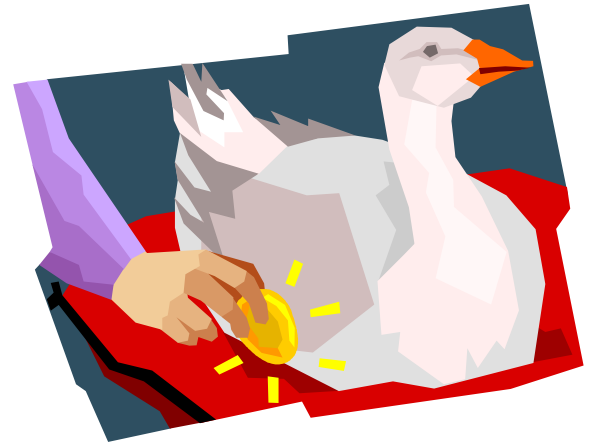
- Age 18
- Contribute \$1,000
- At 23 \$20,000 with co-con
- Leave alone – earn 10%
- \$1.3 million EXTRA at 65

How much is enough?



Rule of thumb:

12 x your expected expenditure



Mr Average: age 51 \$58,000 p.a.

- \$125,000 in super now
- Needs \$757,000 at 65
- To produce \$3,500 a month (today's dollars)

Super at retirement

Age 65 = \$560,000

Age 66 = \$617,000

Age 68 = \$747,000

Age 44 - \$29,000 p.a.



Rely on 9% from boss

\$209,000 at age 65

Add \$5,000 a year via salary sacrifice

Extra \$296,000 at age 65

Add \$1,000 a year undeducted plus \$1,000 co-contribution

Extra \$177,000

TOTAL \$682,000



Boost returns

Age 40 - \$90,000 a year

\$50,000 in share trusts

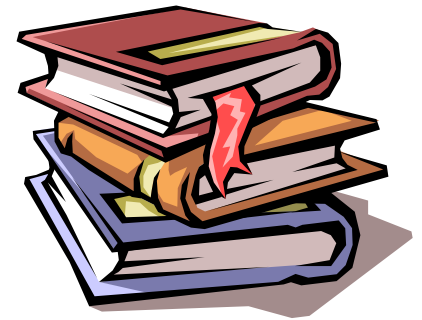
At 65 if left **outside** super **\$223,000** less CGT

Cash in now

After CGT \$46 000

In super **\$383,000**

Gain = **\$160,000 plus**



Transition to retirement

Age 58, with \$400,000 in super

Earns \$130,000 a year

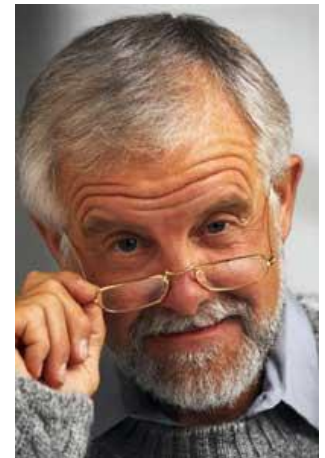
Salary sacrifice \$50,000 a year

Loss to net pay \$30,250

Gain to super \$35,000

Start Retirement Pension \$20,000

Outcome = \$146,000 extra in super at age 65



Transition to retirement

Age 55

Super \$150,000

Earns \$55,000 a year

Salary sacrifice \$18,500 a year

Start Retirement Pension \$15,000

Outcome = **\$57,000** extra in super at age 65



A smart strategy

Start a sinking fund!

A case study

P & I loan \$150,000

Interest rate 7%

Payments **\$1,742** a month (10 years)



A case study

P & I loan	\$150,000
Interest rate	7%
Payments	\$1,742 p.c.m. (\$2,879 pre tax) over 10 years



Interest only

Loan repayments \$875 p.c.m. (interest only)

Sinking fund \$2,004 p.c.m.



Sinking fund super contribution

Contribution	\$2,004
Entry Tax	300
<hr/>	
Net	\$1,704



After 10 years

\$330,000 extra in super

Withdraw \$150,000 for loan

= \$180,000 over

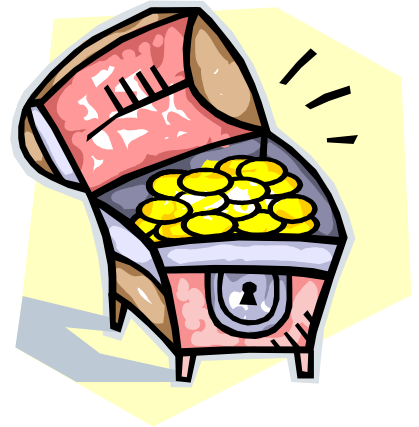


Or...

Leave \$330,000 to grow

Withdraw \$10,500 a year for interest

= **\$640,000** in another 10 years



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14.08.2009 / NEW WEBSITE LAUNCHED!
Welcome to new version of Noel's website. [read more](#)

14.08.2009 / AVAILABLE SOON: WEALTH CREATOR CD-ROM

“ If you're ever around my part of town you're welcome to come over for a beer!

— L.P., Brisbane, Queensland

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