



Monthly Information Newsletter – Tax & Super

September 2022

Super funds post lowest returns since GFC

Superannuation funds have recorded their worst performance since the global financial crisis, with the median balanced superannuation fund ending the 2021/22 financial year down 3.3% due to global market instability. This result is the third lowest return since the introduction of superannuation guarantee in 1992. So, what are your options if your superannuation balance has suffered a decline?

Sit tight and have faith

Although easier said, it is important not to panic about negative returns. Superannuation is a long-term investment, so if you are not approaching or in retirement, keep in mind that all market movements in the short-term can bounce back. Losses in superannuation are not crystallised until your superannuation is withdrawn or switched to another investment option. This means your superannuation balance will recover over the long-term if you sit tight and ride the market volatility wave.

Change superannuation funds

If you have a MySuper fund that is underperforming, you can use the ATO's YourSuper comparison tool to help you compare different MySuper products and choose a superannuation fund that meets your needs.

To recap, a MySuper fund is a low-cost superannuation product and is usually the default account for people who don't choose their own superannuation fund when they start a new job.

The YourSuper comparison tool can be accessed by logging in to ATO online services through myGov, then clicking on the Super drop-down menu and select Information, then select YourSuper comparison.

There are other non-government superannuation comparison websites that can be used which provide some information for free, but some offer more information for a fee. Seeking advice from a financial adviser will often be your best option as your entire circumstances will be taken

into account to ensure the comparison information relates to your specific situation.

Start an SMSF

A further option may be to take charge of your own superannuation by setting up a self-managed superannuation fund (SMSF). There are a number of benefits of having an SMSF, for example, as trustee you can choose how to invest and manage your superannuation savings. Having greater investment control and flexibility can allow you to have a more hands-on approach to acquiring and selling your investments, which means you can respond quickly by adjusting your investment portfolio as market conditions change. But for all the benefits that come along with SMSFs, you must consider the risks (and the work that may be involved) as there are strict laws and regulations that govern SMSFs.

Seek advice

A financial advisor can help review your superannuation to ensure that you are on the right track to meeting your retirement income goals. Contact us today if you are uncertain about your options and would like further information.

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