

MLC MasterKey Business Super

# Plan for a Super Future



# The steps to successful investing

## What you can do

### Step 1

Think about when you would like to retire and the lifestyle you would like to achieve.

### Step 2

Complete the retirement lifestyles worksheet on page 3 to find out how much your retirement may cost (in today's dollars).

### Step 3

Complete the investment choice questionnaire on page 7. The questionnaire shows which MLC MasterKey Business Super portfolio might suit particular categories of investors.

### Step 4

Use your score from the questionnaire to help you make your investment choice. Consider whether you should obtain advice from a financial planner who can consider your particular circumstances.

### Step 5

Consider consolidating super from other funds into your MLC MasterKey Business Super account. Consolidating your super may save on fees, reduce paperwork and make it easier to take control of your retirement savings.

## Important Information

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**The issuer of MLC Masterkey Business Super is MLC Nominees Pty Limited (ABN 93 002 814 959). Information about MLC Masterkey Business Super is contained in the MLC Masterkey Business Super Investor Product Disclosure Statement (PDS). Copies of the PDS are available from 105-153 Miller Street, North Sydney NSW 2060, by phoning the MasterKey Service Centre on 133 433 or by visiting [mlc.com.au](http://mlc.com.au). Persons should consider the PDS in deciding whether to acquire, or to continue to hold, an investment in MLC Masterkey Business Super.**

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## Investment Performance

The asset class performance indices used in this booklet are Global Shares: MSCI World Net Divs. In \$A, Australian Shares: S&P/ASX 200 (All Ords before 1/4/2000), Property: S&P/ASX Property Trusts Accumulation Index, Australian Bonds: UBS Australian Composite Bond Index and Cash: UBS Australian Bank Bill Index.

These indices have been quoted before the deduction of Government taxes and other fees and charges that may apply when investing within, or outside, of superannuation. They also assume that income is reinvested.

Past performance is not a reliable indicator of future performance.

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## Start planning now

How would you like to spend your retirement?

Strolling along the beach...travelling the world...visiting family and friends or kicking back and enjoying your spare time? Whatever your dreams might be, there is one thing for certain. Life doesn't stop when you retire.

In fact, it has the potential to get even better. Suddenly, after decades of hard work, you'll have all the time in the world to take up new hobbies and pursue neglected interests.

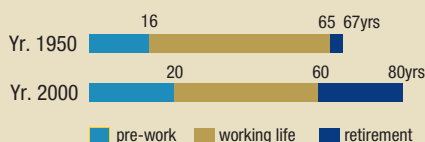
The question is...will you be able to enjoy the lifestyle you want? Or will you end up spending your retirement struggling to make ends meet?



When you **consider these facts**, a financially secure retirement is **by no means guaranteed**

### Fact one: The retirement landscape has changed

Compared to previous generations, we are now retiring earlier and living longer. As these trends continue, your retirement could stretch to 30 years, maybe more. You could end up spending more time in retirement than you do in the workforce.



Source: Australian Bureau of Statistics. Figures for an average male.

### Fact two: You'll still need an income

As a rule of thumb, financial experts say you may need between 60% and 80% of your final salary each year to maintain your standard of living. Depending on the lifestyle you want, you may need even more.

### Fact three: The age pension is under threat

Right now, the full aged pension only provides around 25% of average weekly male earnings. What's more, qualifying for the aged pension may become more difficult in the future, given that our

population is aging. The way things are heading, your income will need to come primarily (if not entirely) from the wealth you accumulate while you are still working.

### Fact four: You'll need a lot of money

Thirty years (even twenty years) is a lot of living to have to pay for yourself. Even a modest retirement lifestyle won't come cheap. And the earlier you want to retire, the more money you are likely to need.

# What might your retirement lifestyle cost?

To find out what your retirement lifestyle may cost (in today's dollars) follow these six simple steps.

Step	Details	Example	You			
1	Estimate how much income you will need each year in retirement (in today's dollars) to cover your day-to-day living expenses.	\$30,000 p.a.				
2	Decide when you would like to retire. (For the purpose of this exercise, choose age 55, 60 or 65.)	60				
3	Multiply the income required by the number below that matches your preferred retirement age.	\$630,000 (i.e. 21 x \$30,000)				
	Retirement age			55	60	65
	Multiplier*			23	21	19
4	Estimate how much money (in today's dollars) you will need for any significant lump sum retirement expenses (eg. a holiday, new car or boat).	\$50,000				
5	Decide how much money (in today's dollars) you would like to pass on as an inheritance.	\$100,000				
6	To estimate the retirement savings required (in today's dollars), simply add up the amounts in steps three, four and five.	\$780,000				

Note: Because these figures are in today's dollars if you don't plan to retire for a number of years, the actual amount of money you may need for retirement could be significantly higher due to the impact of inflation.

\* Assumes that you earn a rate of return of 3% p.a. after tax and inflation and need an income for your day-to-day living expenses over a period equivalent to an average life expectancy at each of these ages plus ten years.

Now that you have a general sense of how much money you might need for retirement, the magnitude of the task at hand should be fairly clear. Preparing for a financially secure retirement is likely to be one of the biggest financial challenges you'll face during your working years.

To get your retirement planning off to the right start, you should ensure you invest your super wisely. While the super you receive from your employer is unlikely to solve all your future financial worries, choosing the right portfolio may still make a big difference to the lifestyle you'll be able to enjoy.

You should also consider investing more – within and outside of super, depending on your situation. Investing as much as you can (as soon as you can) is a very prudent strategy.

However, if you're really serious about reaching your goals, then you should seek advice from a licenced financial planner. Seeking advice can mean the difference between achieving the lifestyle you desire and falling well short.

# Invest your super wisely

## Investing made easy

Your MLC MasterKey Business Super Fund offers you a range of investment portfolios that are designed to take the hard work out of investing. Each MLC MasterKey Horizon portfolio is a total portfolio solution designed to deliver a specific investment objective and help you achieve your financial and lifestyle goals. This is discussed more fully on page 10 and in the MLC MasterKey Business Super Investor Product Disclosure Statement which you should read.

To help you make the right investment choice, here is an overview of some investment basics – including an introduction to the four main asset classes.

## The four asset classes

Each MLC MasterKey Horizon portfolio offered invests in some (or all) of the following asset classes, in varying proportions. History has shown that the asset allocation (i.e. mix of asset classes) can have a greater impact on investment performance than the individual shares and other investments selected.



→ **Cash investments** are short-term loans to governments, banks and companies. In return, these borrowers pay an income that can rise and fall with movements in short-term interest rates.

→ **Bonds** are longer term loans to companies and government bodies in Australia and overseas. They generally pay a fixed rate of interest on a regular basis and the underlying capital value of these securities is influenced by changes in interest rates. Some bonds also provide regular payments that are linked to inflation.

→ **Property investments** can include office blocks, shopping centres, industrial sites and hotels. Like residential property, these sectors offer income in the form of rent. You may also enjoy growth in the value

of the money you invest if property prices rise over the longer term. Your employer's superannuation fund may invest in property indirectly through property trusts that are usually listed on the Australian Stock Exchange.

→ **Shares** represent part ownership of a business. If the business makes a profit, it generally pays some of its earnings to shareholders in the form of dividends. Shares also offer the potential for capital growth over the longer term. Your employer's superannuation fund invests primarily in shares that are listed and traded on a major stock exchange, such as the Australian Stock Exchange or Wall Street. However, the fund may also invest in the shares of private (unlisted) companies that are less easily traded, but may offer higher growth potential over the longer term.

## There is no such thing as a risk-free investment

Over the short-term, shares and property have been the most volatile asset classes. In other words, the investment returns from shares and property have fluctuated – sometimes suddenly and sharply – from one year to the next.

However, the so-called ‘low-risk’ investments like cash and bonds are not as safe as many people think. Over the longer term, they have provided lower returns than shares and property, as the graph opposite reveals.

When you consider the track record, investing in a conservative portfolio that favours cash and bonds could actually be quite a risky strategy. If your super doesn’t earn enough over the longer term, then achieving the lifestyle you desire could become an impossible challenge.

## Retirement is a long-term goal

Another thing to remember is that you could end up investing your super for a very long time – longer than many people realise. Chances are, your investment time horizon will include not only the years until you retire, but the years (even decades) that you could spend in retirement as well.

So even if retirement is only a couple of years away, your time horizon could stretch to 30 years, maybe longer. The key point to remember is that a long time horizon gives you the opportunity to ride out market ups and downs so that you can earn potentially higher investment returns.

## It’s your lifestyle that really matters

Even a seemingly small difference in the rate of return you earn from your super over the longer term can have a significant impact on your future standard of living. Consider this simple example.

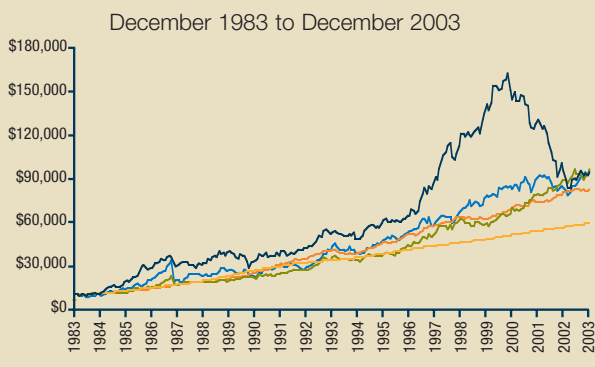
Sue and Mike are both 30 years old and invest \$20,000, plus \$3,000 a year until they retire at 60. Sue chose a portfolio that invested primarily in property and shares. While the rate of return from Sue’s portfolio varied from one year to the next (and on occasions the value of her investments declined), she earned a rate of return that averaged 7% p.a.

Mike, on the other hand, was afraid of market ups and downs. So he chose a more conservative portfolio that favoured cash and bonds and earned a return that averaged 5% p.a.

The table opposite shows the value of their investments in 30 years, as well as in today’s dollars after adjusting for an assumed inflation rate of 3% p.a.

Although they will both need to invest more to live comfortably in retirement, this hypothetical case study clearly shows the impact that different portfolios (with different rates of return) can have on helping you to achieve the lifestyle you desire.

### The value of \$10,000 invested



— Global shares — Australian Property trusts — Cash  
— Australian shares — Australian bonds

Past performance is not a reliable indicator of future performance. Refer to the inside front cover of this booklet, for important information on the performance indices used in this graph.

	Sue	Mike
Value of investments in 30 years	\$455,464	\$295,721
In today’s dollars, that’s worth...	\$187,645	\$121,833

Investment returns in this case study are not guaranteed. The calculations also ignore the impact of taxation and any fees and charges that may apply when investing within, or outside of superannuation. Assumes income is reinvested.

## Which portfolio is **right** for you?

When choosing your investment option, don't just focus on how comfortable you are with investment market ups and downs. If you invest too conservatively, you could increase the risk that you won't have enough money to support yourself later in life.



A smarter strategy is to pick (and stick with) a portfolio that is most likely to deliver the long-term returns you'll need to help you reach your goals. And for most people, that means a portfolio with a moderate to high weighting to growth assets like property and shares.

To help you weigh up all these issues, you should consider completing the **Investment Choice Questionnaire** on the opposite page. This questionnaire asks some questions regarding goals, time horizon and comfort with market fluctuations. It provides a general guide as to the types of portfolios that may be appropriate to certain ranges of investors. To complete this questionnaire, simply select the answer that best matches your situation. Then score your answers and total your score.

Please keep in mind that this questionnaire does not take into account your particular needs and circumstances and should not be used as a substitute for advice. What's more, the questionnaire may not be appropriate if you are about to retire and need to spend all your super over a short period e.g. five years or less.

When you have completed this questionnaire, turn to pages 8 and 9 to find information on each of the portfolios available through your superannuation fund, as well as a guide to which portfolio may suit particular questionnaire scores.

# Your investment choice questionnaire

<p>1 Most people need between 60% and 80% of their annual pre-retirement income to maintain their lifestyle. What percentage of your pre-retirement income do you think you will need?</p>	<p>More than 80% <input type="checkbox"/> 12 points            Between 71% and 80% <input type="checkbox"/> 9 points            Between 61% and 70% <input type="checkbox"/> 6 points            60% or less <input type="checkbox"/> 3 points</p>
<p>2 Excluding the superannuation you receive from your employer, what percentage of your current pre-tax salary are you saving for retirement?</p>	<p>10% or more <input type="checkbox"/> 3 points            7-9% <input type="checkbox"/> 6 points            4-6% <input type="checkbox"/> 9 points            0-3% <input type="checkbox"/> 12 points</p>
<p>3 I plan to retire and begin spending my super in...</p>	<p>More than 15 years <input type="checkbox"/> 24 points            11 to 15 years <input type="checkbox"/> 17 points            6 to 10 years <input type="checkbox"/> 10 points            5 years or less <input type="checkbox"/> 0 points</p>
<p>4 After I retire and begin making withdrawals from my super, I plan to spend it over a period of...  <small>(Note: This questionnaire may not be appropriate if you are about to retire and plan to spend all your super in a short period of time e.g. five years or less.)</small></p>	<p>More than 15 years <input type="checkbox"/> 12 points            11 to 15 years <input type="checkbox"/> 8 points            6 to 10 years <input type="checkbox"/> 5 points            5 years or less (see note to the left) <input type="checkbox"/> 0 points</p>
<p>5 I am prepared to invest my super in a portfolio that has a greater risk of a negative short-term return, if I can increase the possibility of earning higher returns in the long-term.</p>	<p>Strongly agree <input type="checkbox"/> 15 points            Agree <input type="checkbox"/> 9 points            Somewhat agree <input type="checkbox"/> 6 points            Disagree <input type="checkbox"/> 3 points            Strongly disagree <input type="checkbox"/> 1 point</p>
<p>6 Generally, I prefer an investment with little or no ups and downs in value and I'm willing to accept the lower returns these investments may make.</p>	<p>Strongly agree <input type="checkbox"/> 2 points            Agree <input type="checkbox"/> 4 points            Somewhat agree <input type="checkbox"/> 6 points            Disagree <input type="checkbox"/> 8 points            Strongly disagree <input type="checkbox"/> 10 points</p>
<p>7 During the year ending 31 December 2002, global shares fell by 27% (as measured by the MSCI World Index Gross (\$A)). If you owned an investment that fell by 27% over 12 months or less, what would you do?  <small>(If you owned global shares in 2002, please circle the answer that corresponds to your actual behaviour at that time.)</small></p>	<p>Sell all of my investment <input type="checkbox"/> 0 points            Sell a portion of my investment <input type="checkbox"/> 5 points            Hold on to the investment <input type="checkbox"/> 10 points            Buy more of the investment <input type="checkbox"/> 15 points</p>

**Total Score**

Add the points from questions 1 to 7, then turn to the next page

points

## About your investment choices

MLC offers a range of 'pre-mixed' investment options that are specifically designed to take the hard work out of investing. Each of the portfolios below has a different mix of asset classes that deliver different investment objectives over different timeframes. Further information on the MLC MasterKey Horizon series is on page 10. You should also refer to the MLC MasterKey Business Super Investor Product Disclosure Statement before making any investment decision.

### MLC MasterKey Horizon Series – Multi-manager, Multi-sector portfolios

	95-100	89-94	76-88
	An investor with a score between 95 and 100 points may want to consider selecting a portfolio with 130% invested in growth assets (i.e. shares), for a minimum of seven years.	An investor with a score between 89 and 94 points may want to consider selecting a portfolio with 100% invested in growth assets (i.e. shares), for a minimum of five years.	An investor with a score between 76 and 88 points may want to consider selecting a portfolio consisting of 85% growth assets (i.e. shares and property) and 15% interest bearing assets (i.e. bonds and cash), for a minimum of five years.
Portfolio Solution	MLC MasterKey Horizon 7 – Accelerated Growth Portfolio	MLC MasterKey Horizon 6 – Share Portfolio	MLC MasterKey Horizon 5 – Growth Portfolio
Investment objective	Aims to provide growth over the long term through a portfolio of growth assets, which focuses on Australian and global shares. This portfolio will increase the amount of capital invested through the use of borrowing. The use of borrowing will magnify the return of the assets (positively and negatively).	Aims to provide long term growth over time through a portfolio of growth assets, which focuses on Australian and global shares.	Aims to provide long term growth through a portfolio that focuses on growth assets.
Risk profile	Very High	High	Moderate to High
Minimum suggested investment period*	7 years	5 years	5 years
Strategic allocation to growth assets	Growth assets: <b>130%</b> Interest bearing assets: <b>0%</b>	Growth assets: <b>100%</b> Interest bearing assets: <b>0%</b>	Growth assets: <b>85%</b> Interest bearing assets: <b>15%</b>
Actual asset allocation as at 31 December 2003	<p>This mix will change over time. Updated information is available at <a href="http://mlc.com.au">mlc.com.au</a></p>		

\* The minimum suggested investment period is not necessarily the recommended period for which you should hold your investment. In certain investment conditions, wealth creation through investment in growth assets will require a timeframe longer than the minimum suggested investment period. These suggested investment periods are general guidelines only and do not take into account your individual circumstances.

### Important

This scoring system provides a general guide as to the portfolios that may be appropriate to certain categories of investors. We have not considered any of your particular objectives, financial situation or needs in producing this scoring system and we recommend you obtain financial advice prior to making any investment decisions. If you decide not to make an investment choice at this stage, you will automatically be placed into the default fund – MLC MasterKey Horizon 5.

To make an investment choice complete an 'Updating your details form' which can be found

## 65-75

An investor with a score between 65 and 75 points may want to consider selecting a portfolio consisting of 70% growth assets (i.e. shares and property) and 30% interest bearing assets (i.e. bonds and cash), for a minimum of five years.

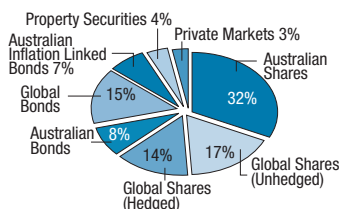
### MLC MasterKey Horizon 4 – Balanced Portfolio

Aims to provide performance over the medium to long term, with returns expected to be higher than bonds but less volatile than shares.

Moderate

5 years

Growth assets: **70%**  
Interest bearing assets: **30%**



## 40-64

An investor with a score between 40 and 64 points may want to consider selecting a portfolio consisting of 50% growth assets (i.e. shares and property) and 50% interest bearing assets (i.e. bonds and cash), for a minimum of three years.

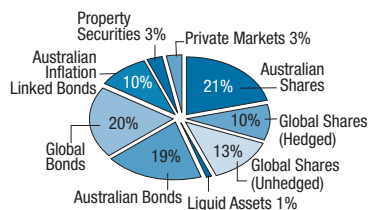
### MLC MasterKey Horizon 3 – Conservative Growth Portfolio

Aims to provide returns over time from a well diversified portfolio that has an equal mix of shares and bonds.

Moderate to Low

3 years

Growth assets: **50%**  
Interest bearing assets: **50%**



## 16-39

An investor with a score between 16 and 39 points may want to consider selecting a portfolio consisting of 30% growth assets (i.e. shares and property) and 70% interest bearing assets (i.e. bonds and cash), for a minimum of three years.

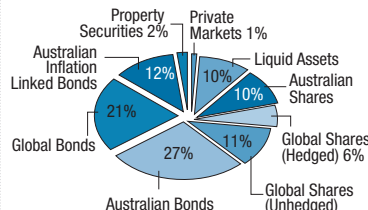
### MLC MasterKey Horizon 2 – Capital Stable Portfolio

Aims to provide returns over time from a portfolio that invests in a number of asset classes that favours more interest bearing assets and a moderate allocation of shares.

Low to Moderate

3 years

Growth assets: **30%**  
Interest bearing assets: **70%**



## 9-15

An investor with a score between 9 and 15 points may want to consider selecting a portfolio consisting of 100% interest bearing assets (i.e. bonds and cash), for a minimum of three years.

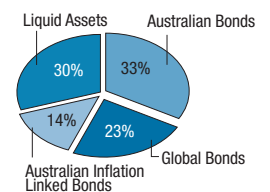
### MLC MasterKey Horizon 1 – Bond Portfolio

Aims to provide returns higher than cash over time, by investing in a diverse range of actively managed Australian bonds, global bonds and cash.

Low to Moderate

3 years

Growth assets: **0%**  
Interest bearing assets: **100%**



## Important

This scoring system provides a general guide as to the portfolios that may be appropriate to certain categories of investors. We have not considered any of your particular objectives, financial situation or needs in producing this scoring system and we recommend you obtain financial advice prior to making any investment decisions. If you decide not to make an investment choice at this stage, you will automatically be placed into the default fund – MLC MasterKey Horizon 5.

in your Welcome Kit. Alternatively call **13 23 40** or visit our website on [www.mlc.com.au](http://www.mlc.com.au)

# The MLC MasterKey Horizon Series

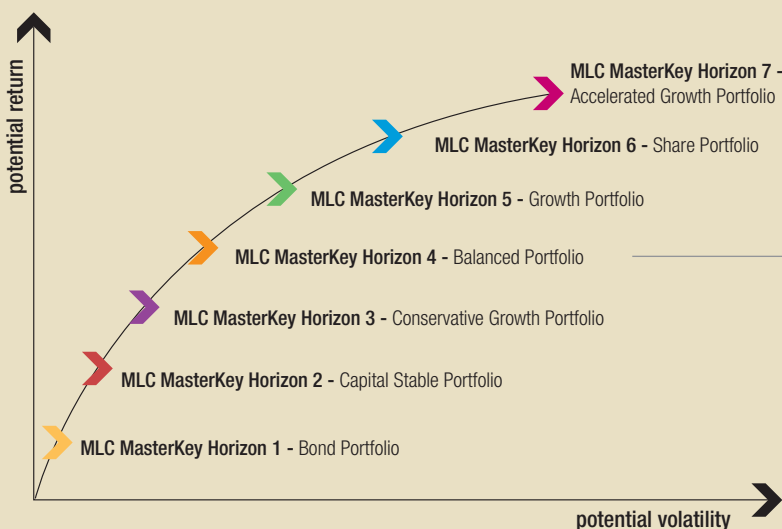
At MLC, we recognise that there is no such thing as ‘one size fits all’ when it comes to investing. We developed the MLC MasterKey Horizon Series to fit the time horizons, return expectations and tolerance for market volatility of a range of very different investors. The MLC MasterKey Horizon Series takes the hard work out of investing by enabling you to ‘outsource’ manager selection and asset allocation to MLC.

For the majority of investors, the choice provided by the Horizon Series will be sufficient to meet their risk profiles and investment goals. However, there is a small proportion of investors that would like greater flexibility and more involvement in their superannuation investment portfolio. MLC have recognised the unique needs of this segment and provide an additional package of investment choices in order to provide a solution that caters for the needs of all investors.

While MLC believes that the MLC MasterKey Horizon Series offers a complete solution for most investors, it also recognises that there are investors who may need a different investment solution.

For information on all investment options available, in addition to the MLC MasterKey Horizon Series, please refer to the MLC MasterKey Business Super Investor Product Disclosure Statement or your licenced financial planner.

A complete range of multi-manager, multi-sector portfolios Illustrative (not to scale)



Each Horizon Portfolio contains a wide range of investment and management expertise for example MLC MasterKey Horizon 4 is:

- diversified across over 8 asset classes
- diversified over 20 investment managers
- diversified across:
  - countries
  - currencies
  - stocks
- regularly rebalanced

# The MLC investment system

MLC has developed an innovative three-part investment system, which has proven its effectiveness since its introduction in 1986. The MLC MasterKey Horizon Series are the most complete and efficient way to access MLC's three part investment system. The details below describe how the MLC investment system is used within the MLC MasterKey Horizon series.

## 1. We use a range of specialist investment management companies



At MLC, we believe that no single investment manager will be the best performer in all asset classes or all markets, all of the time. For this reason, we have

created a multi-manager investment system that provides our investors with access to a combination of specialist investment managers in each asset class.

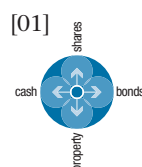
Where appropriate MLC uses several specialist investment management companies within each asset class (for example bonds, Australian shares and global shares). Every specialist investment manager we choose has a clearly defined investment style and in our opinion they have a discernible and sustainable competitive edge.

Every investment manager we appoint is subject to a rigorous selection process followed by ongoing monitoring and review, with the aim that the overall combination of investment managers continues to deliver to our expectations for each MLC investment fund.

## 2. We diversify your portfolio in three important ways.

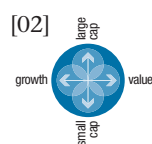
Diversifying your portfolio helps to reduce the volatility of investment returns. The MLC multi-manager investment system gives you broad diversification at many levels.

### Diversification across asset classes



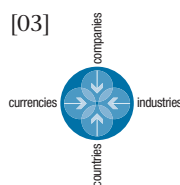
[01] The major asset classes – shares, property, bonds and cash – perform differently under different economic and market conditions. With MasterKey, you can choose to diversify your investment across a broad range of asset classes to reduce the impact of downward fluctuations in any one asset class over the short term.

### Diversification within asset classes



[02] The MLC multi-manager investment system also spreads your exposure with each asset class across a wide range of countries, currencies, industries and/or stocks. Our global approach to investing ensures that your investment is not narrowly concentrated in a particular region or industry, and helps to reduce the impact of a regional or industrial downturn.

### Diversification across investment management styles



[03] Different investment management styles tend to excel at different times under different economic and market conditions. The aim of the MLC multi-manager investment system is to combine a range of investment management companies with complementary investment styles. By doing this, we seek to avoid unintended style biases in each asset class and to ensure that diversification of management styles actually results in diversification of underlying investments.

## 3. We take a strategic, long-term view



At MLC, we believe that trying to forecast and capture short-term market movements is, in practice, unreliable and unlikely to add value to your investment over the long term.

As a result, we use a more strategic approach, setting and maintaining allocations for each asset class, investment style and investment manager. These long-term allocations take into account the long-term relationship between the different asset classes and investment management styles, as well as the investment objective for each fund.

As markets are dynamic, the specialist investment managers we employ within each asset class will make active, short-term changes to their portfolios in accordance with their investment management styles. They can change their investments in countries, industries and stocks to increase returns or provide a defence against falling prices.

We use a disciplined rebalancing procedure to make sure your investment portfolio maintains its allocated exposure to the various asset classes and investment managers.

## Invest more today

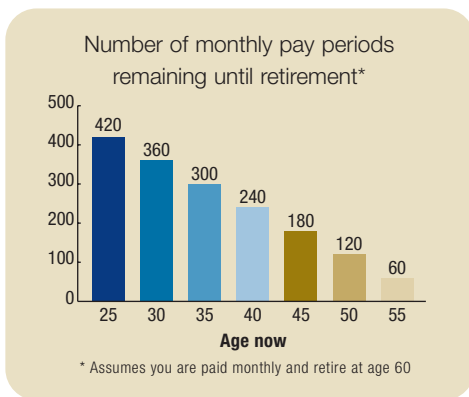
### Your future's in your hands

Choosing the right portfolio for your superannuation is a big step in the right direction. But if you really want to tackle any potential savings shortfall head-on, then you should consider investing more for your retirement today. Every year you delay is potentially a year of lost opportunities.

### Time is a powerful ally

To see the difference time can make to the value of your retirement savings, the table below calculates how much you would receive at age 60 from an investment of \$10,000 earning 7% p.a.

To ensure the calculations are relevant, we have also worked out what the investment would be worth in today's dollars after adjusting for the impact of inflation (at 3% p.a.).



Age when investment is made	20	30	40	50
Value of \$10,000 at age 60	\$149,700	\$76,100	\$38,700	\$19,700
In today's dollars that's worth...	\$45,900	\$31,400	\$21,400	\$14,600

Investment returns in this case study are not guaranteed. The calculations also ignore the impact of taxation and any fees and charges that may apply when investing within, or outside of superannuation. Assumes income is reinvested.

## A super solution

One of the easiest (and potentially least taxing) ways to top-up your retirement savings is to make additional contributions into superannuation on a regular basis.

Sure you usually can't touch your super until you retire. But where else can you pay as little as 15% tax on investment earnings?

The other great thing about super is that contributions can be made directly into your account. In other words, you can conveniently 'pay-yourself first' instead of spending all your pay on other things.

### 1. After-tax (undeducted) contributions

You can top-up your super by making contributions from your after-tax pay (or savings). Because you've already paid tax on your salary, after-tax contributions are tax-free when they enter and exit the superannuation system.

### 2. Salary sacrifice

Rather than receiving salary or wages on which you have to pay tax at your marginal rate (up to 48.5%), you may also be able to negotiate with your employer to have an equivalent amount contributed to your super fund.

The advantage of this strategy is that the super contributions are only taxed at 15% (plus an additional surcharge of up to 14.5% for higher income earners).

Note: you should check with your employer to see if you can make after-tax or salary sacrifice contributions.

### 3. Consolidate your super

To avoid paying multiple fees that can erode the value of your super investments, it may also be wise to rollover (transfer) money that you may have in other funds into your super account with your employer. Consolidating your super may save on fees, reduce paperwork and make it easier to take control of your retirement savings.

## Don't put all your eggs in one basket

Clearly superannuation offers several benefits that are hard to ignore. However, there are a number of situations where it makes sense to build wealth for your retirement in other areas as well. Here are some examples.

### → **If you plan to retire before you can access your super**

Then you will need other investments to replace your income in the interim period. (Note: Super usually can't be accessed until you permanently retire after reaching between ages 55 and 60 depending on your date of birth.)

### → **If you already have a lot of money invested in super**

There are limits on how much super you can receive over your lifetime subject to concessional tax treatment. If you are likely to exceed these limits, then investing outside of superannuation may be a more tax-effective strategy.

### → **If you need a different approach to achieve your goals**

Depending on your situation, it may be necessary to implement a gearing strategy outside of superannuation, to accelerate your wealth creation. Gearing simply means borrowing to invest. If you are prepared to accept the additional risks involved, gearing has the potential to help you achieve a range of long-term goals, including a comfortable retirement.



### The bottom line

If you're like most people, you'll probably need a combination of superannuation and non-superannuation investments (like managed funds) to achieve your retirement goals. To find out the best ways to invest more for retirement, you should seek advice from a licenced financial planner.

## Seek advice

### More than just great investment advice

You probably already know that a licenced financial planner can help you to select the right portfolio for your superannuation (and other retirement savings). However, a financial planner can do much more than provide expert investment advice.

*There may be a licenced financial planner servicing your employer's plan. If there is, their contact details can be found in your Welcome Kit. Otherwise contact MLC on 13 23 40.*

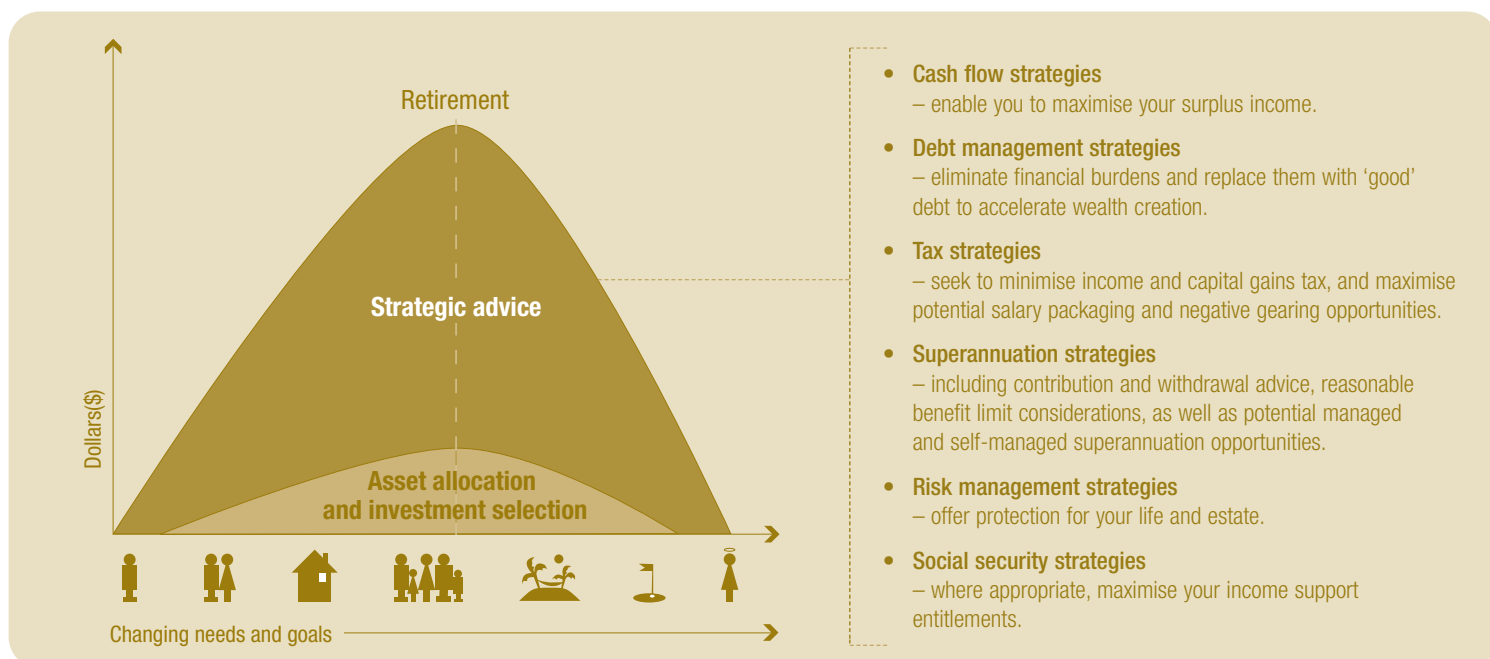
### The real value of advice

Before they even start to prepare your advice, a financial planner can help you to identify your financial and lifestyle goals and determine what you can realistically expect to achieve with your money.

Once your goals are set and your complete financial situation is assessed, your planner can then determine what asset allocation (mix of investments) suits you best. History has shown that your asset allocation (how your money is divided amongst the different asset classes) can have a greater impact on future investment performance than the individual investments selected.

But where you really stand to gain the most is through the strategic advice that a financial planner can provide (see diagram below). It's the tax, debt management, cash flow, superannuation and wealth protection strategies (to name a few) that can add the most value to your financial situation.

Coupled with ongoing reviews and financial coaching, seeking advice can mean the difference between achieving your goals and falling well short. When you consider what's at stake, seeking advice could be one of the best decisions you make in your life.









## How to contact us

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