

MORROWS ADVISORY PRESENTS

EMPOWERME

Wednesday 30 October

Supercharge
your Super

Strategies for every age and stage





General Advice Disclaimer

The purpose of this presentation is to provide you general advice and insight. Where this presentation provides general advice, we must explain that this advice has been prepared at this time without taking into account your individual personal needs, objectives, or financial situation, and the personal information we hold about you has not specifically been considered in forming our views.

You should not act on any advice that has not been tailored to you or considered in light of your full individual personal circumstances, as there is a risk that such actions may not be appropriate for you or be in your best interests.

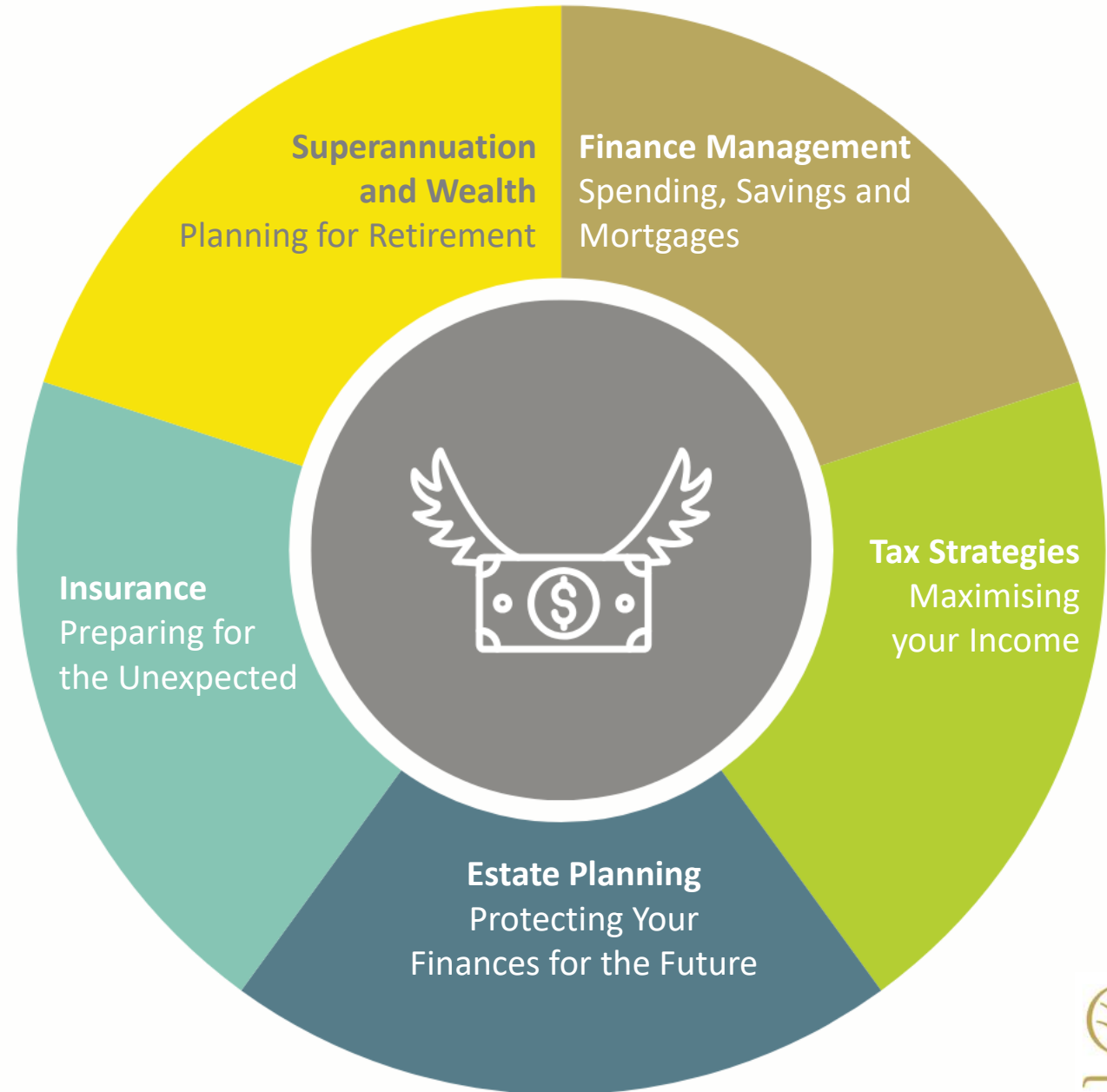
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Who we are

- Celebrating our 65 Year Anniversary.
- A multi-disciplinary advisory firm.
- Recognised as one of the top 50 accounting and advisory firms in Australia.
- 100% owned by its Directors.

Keys to financial empowerment



**Super-charging your
future**



Tip 1:
Search MyGov for
multiple accounts

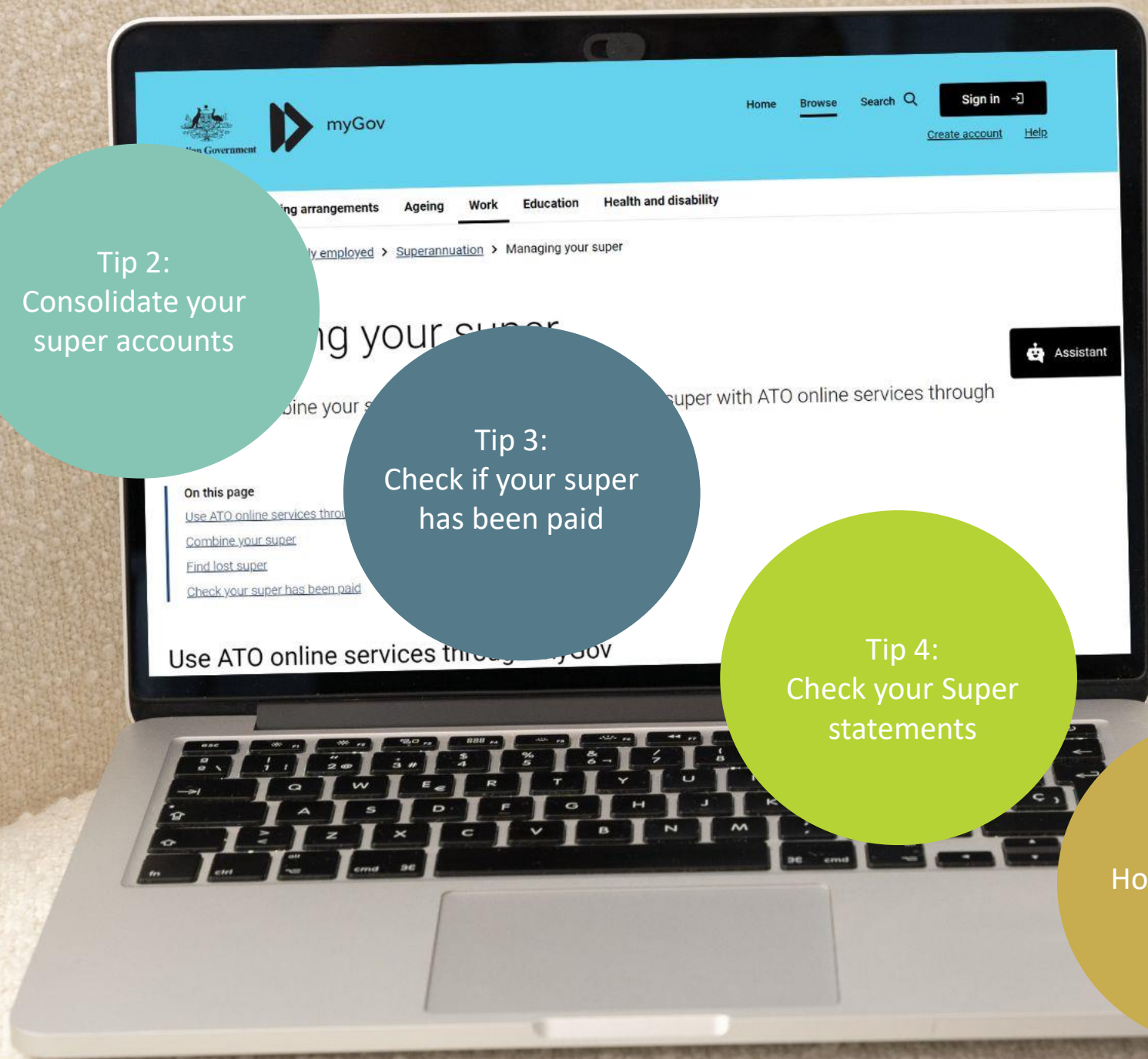
Tip 2:
Consolidate your
super accounts

Tip 3:
Check if your super
has been paid

Tip 4:
Check your Super
statements

Tip 5:
How is your super
performing

MyGov



Lower your tax bill by maximising your concessional super contributions

Tip 6:
Minimise Tax by
Topping up Super

Current Taxable
Income
\$150,000

Total Tax Paid \$40,567

New Taxable
Income
\$120,000

**Superannuation
Contribution:
Up to \$30,000**

\$4,500 tax paid on super

\$29,467.00 tax paid on salary

Total Tax Paid \$33,967
Tax Saving = \$6,600



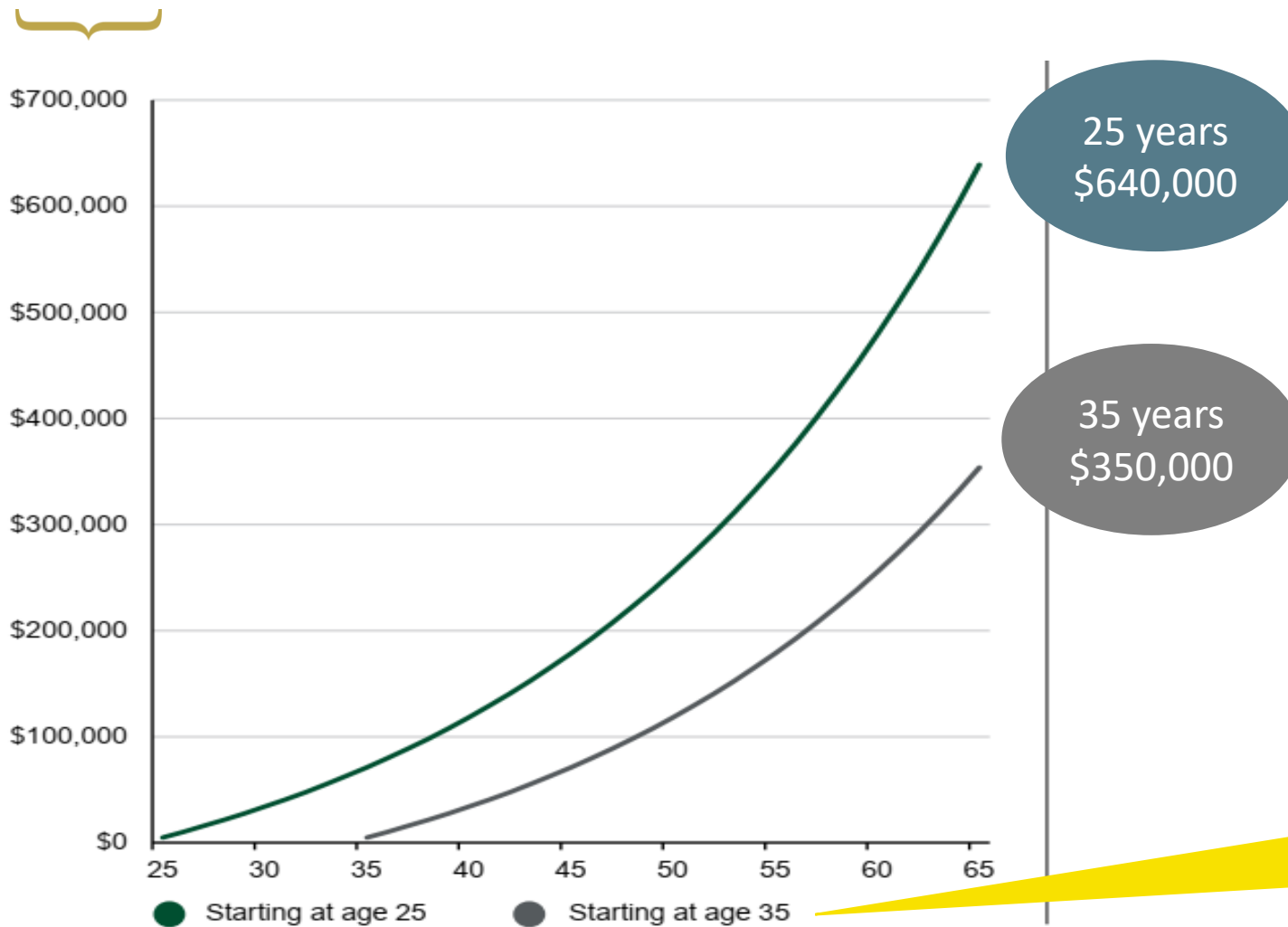
Tip 7:
Top up Super to
buy your first
property!

First home super saver (FHSS) scheme

- **Purpose:** Helps first-home buyers save by making voluntary contributions to superannuation, benefiting from lower tax rates.
- **Tax Benefits:** Concessional contributions are taxed at 15%, with an additional 30% FHSS tax offset.
- **Contribution Limits:** Withdraw up to \$15,000 per financial year (up to \$50,000 total), plus associated earnings.
- **Usage Requirement:** You must occupy the home for at least 6 months within the first year.
- **Eligibility:** Must be 18+, a first-time homebuyer, and meet other specific conditions. Couples, siblings or friends can each access their eligible FHSS contributions to purchase the same property.

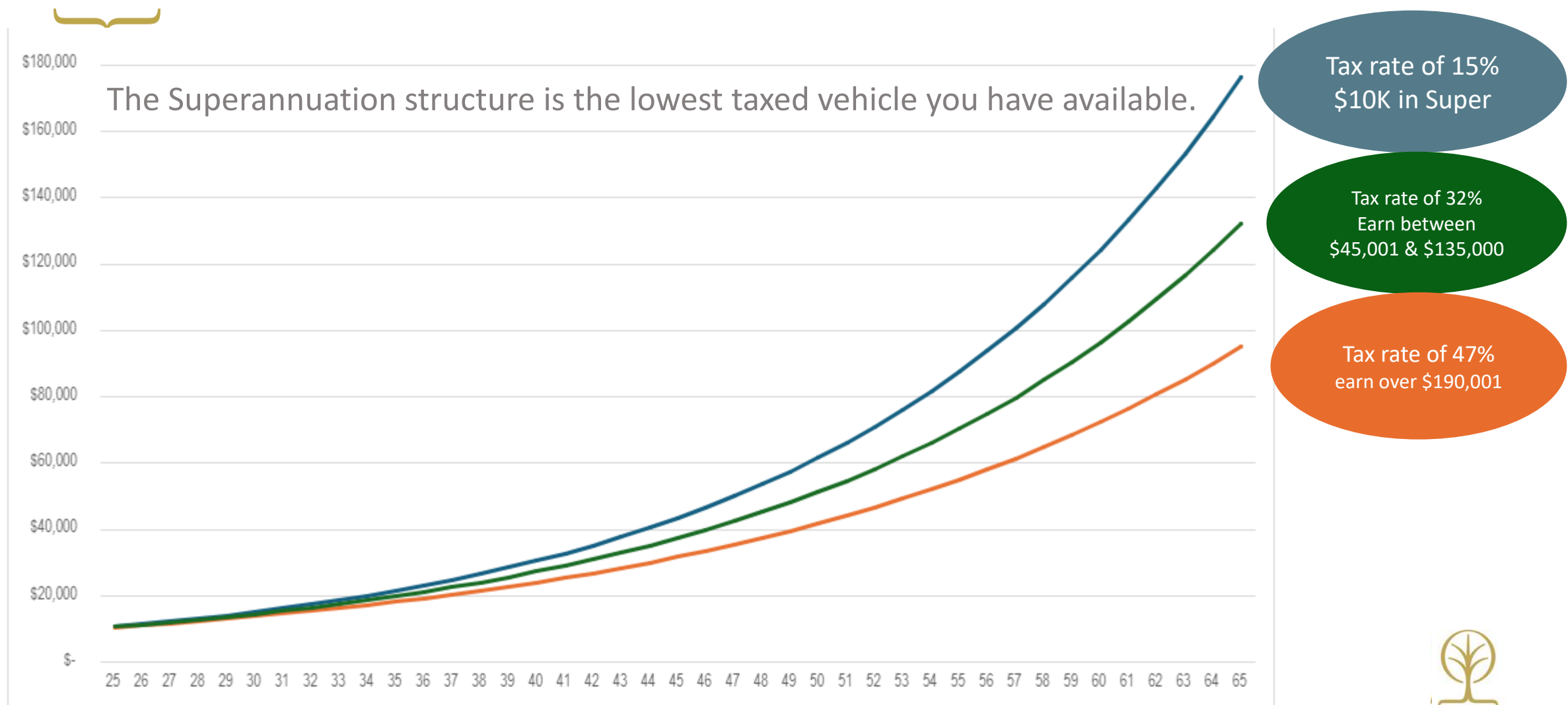
Benefits of starting early: The power of compounding

Tip 8:
Start early to
maximise your
nest egg



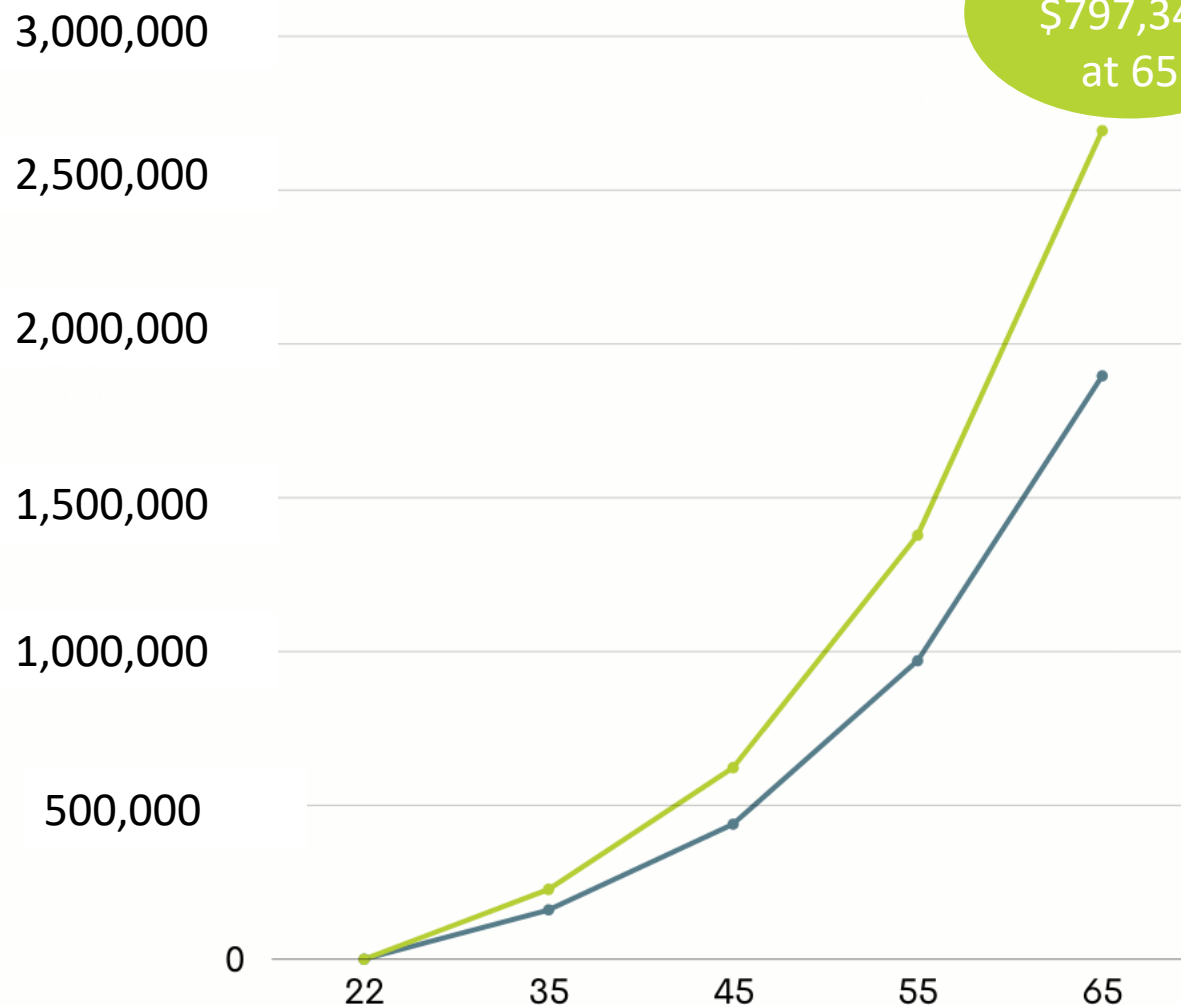
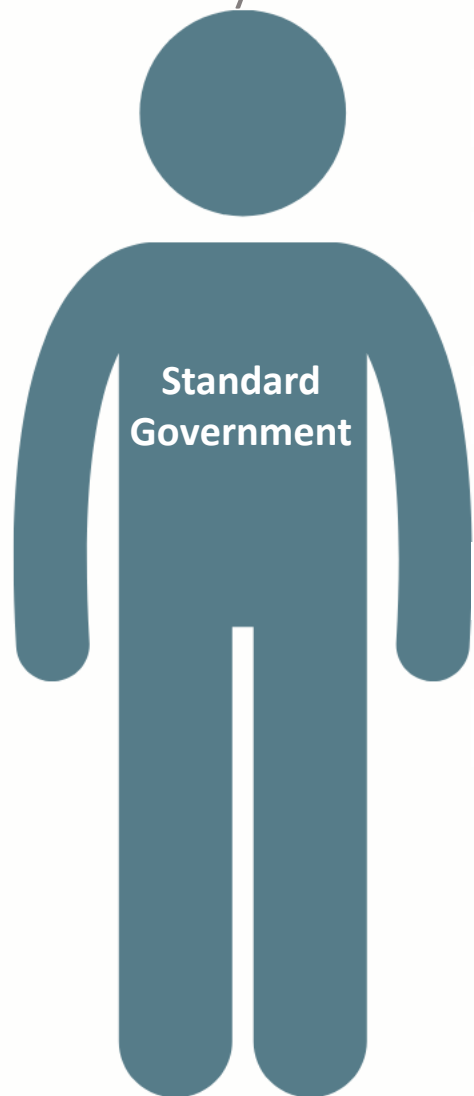
\$5,000 invested annually
with 5% growth rate per year

Top up Super by \$10,000 versus Top up Other Investments by \$10,000



Super-charging with contributions

Contributing 5% of a starting salary of \$70K from age 21, in addition to your standard employer contributions



Tip 8:
Start early to
maximise your
nest egg



Tip 9:
What can you do
down the track?

Options to maximise your super contributions

- Downsize your home and contribute to super.
- Bring forward your super contribution limits.
- Catch up contributions: Utilise your unused contribution caps.
- Transition to Retirement Pension (for those looking to go part time before retirement).
- Government co-contributions.
- Super splitting.
- Spouse contributions.

How to read your super statement

Tip 10:
Check your
statement

1

Closing / Current Balance:

This is how much is there at the EOFY.

2

Any Contributions: Your employer should now be contributing 11.5%.

3

Investment Returns: In FY23, Australian super funds returned an average of 8.6% to members, up from -3% in FY22.

4

Deductions: Any taxes, fees, insurance premiums that have been deducted from the account. Admin fees should not be more than 1%.

5

Product Type: There are two; defined benefit funds and accumulation funds, most people are in accumulation.

sample super
2023-2024 financial year



Jary Morrrows
23 Somewhere St.,
Melbourne, VIC, 3000

Closing Balance

\$10,667.81

Product: Accumulation

5

1

YOUR BENEFIT AT A GLANCE

TOTAL OPENING BALANCE \$6,980.40

Contributions	\$3,553.65
Rollovers and Transfers	\$0
Investment Returns	\$560.85
Withdrawals	\$0
Taxes and Other Charges	-\$270.30
Insurance Premiums	-108.79
Other Fess and Costs	-\$48.00

2

3

4

Total Closing Balance at 30 June \$10,667.81

Total Death Benefit at 30 June \$230,667.81

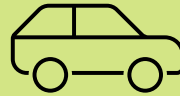
How much do I need?



Budget retirement Age Pension only

\$29,754 pa single
\$44,855 pa couple

- Limited or no budget to repair home or car
- No private health insurance
- Specials at the RSL club or cheap takeaway meals



Modest retirement \$100,000 for couples and singles

\$33,134 pa single
\$47,731 pa couple

- Basic home repairs and a cheap car
- Basic private health insurance
- One holiday in Australia per year



Comfortable retirement \$595,000 for singles or \$690,000 for couples.

\$52,085 pa for single
\$73,337 pa for couple

- Decent car, and can afford to renovate
- Top level private health insurance
- Restaurants and dining, travel regular activities

Tip 11:
How much will
you need?

How much super do I need?

Modest
Retirement



25 years old– single
Income \$70,000

Super Balance \$13,000

No extra contributions

**\$542,086 balance
(modest)**



25 years – single
Income \$70,000

Super Balance \$13,000

Top up \$100 per week

**\$867,087 balance
(modest)**



- Good standard of living
- Basic home repairs (painting maintenance etc.)
- Reasonable car

- Basic Private Health coverage
- Basic Pharmaceuticals
- Infrequent Exercise activities



- Limited Dining Out -Basic pub meals
- Limited holidays within Australia
- Limited entertainment – movies, and social club activities
- Infrequent leisure and social activities with family and friends.

How much super do I need?



25 years – couple
Earning \$70,000 and \$75,000
Balance \$28,000 in super
Extra \$100 per week each
to super

**\$1,777,013 balance
(Comfortable)**



- Comfortable standard of living
- Can afford home renovations (update of kitchen and bathroom)
- Decent car

- Good Private Health Coverage
- Specialist Pharmaceuticals
- Regular Exercise and leisure activities (Gym membership)



- Occasional restaurants.
- Annual domestic trip and an international trip once every seven years.
- Occasional entertainment – movies, theatre and social activities.

Comfortable
Retirement



But how much do YOU need?

- **Annual Holidays:** Local trips or overseas adventures? How often do you want to travel? Annual?
- **Dining Out:** How often do you plan to eat at restaurants or cafes?
- **Leisure Activities:** Do you want to attend the theatre, concerts, or events?
- **Gifts for Loved Ones:** How often do you buy presents for children or grandchildren?
- **Fitness & Hobbies:** Will you maintain a gym membership or engage in other hobbies?
- **Upgrade your Car:** How often do you want to upgrade your car? What type of car would you like to drive?

Tip 11:
How much will
YOU need?



Importance of Budgeting

Tip 12:
Create a realistic
budget

- Using Online Calculators is a great start.
- Most calculators from super funds offer inconsistent or unreliable advice, leading to inaccurate projections.
- Many calculators don't provide tools to help users **build a realistic budget**.
- A good retirement plan should:
 - **Account for big-ticket expenses**, like new cars or vacations.
 - Consider **medical costs** and **longer life expectancy**.
 - Plan for unexpected expenses such as **health events**.

The common question?

Pay off mortgage?



Or contribute to super?



Top up super by \$10,000 or pay off mortgage?


Tip 13:
Top up your super

Taxable Income	Home Loan Repayment			Net Super Investment	Benefit from investing in super
	Marginal tax rate (inc medicare)	Tax payable	Net Loan repayment		
\$45,001- \$120,000	34.5%	\$3,450	\$6,550	\$8,500	\$1,950
\$120,001 - \$180,000	39%	\$3,900	\$6,100	\$8,500	\$2,400
\$180,001 +	47%	\$4,700	\$5,300	\$8,500	\$3,200

Topping up \$10,000 in Super vs Paying off Mortgage after 15 years

Tip 13:
Top up your super

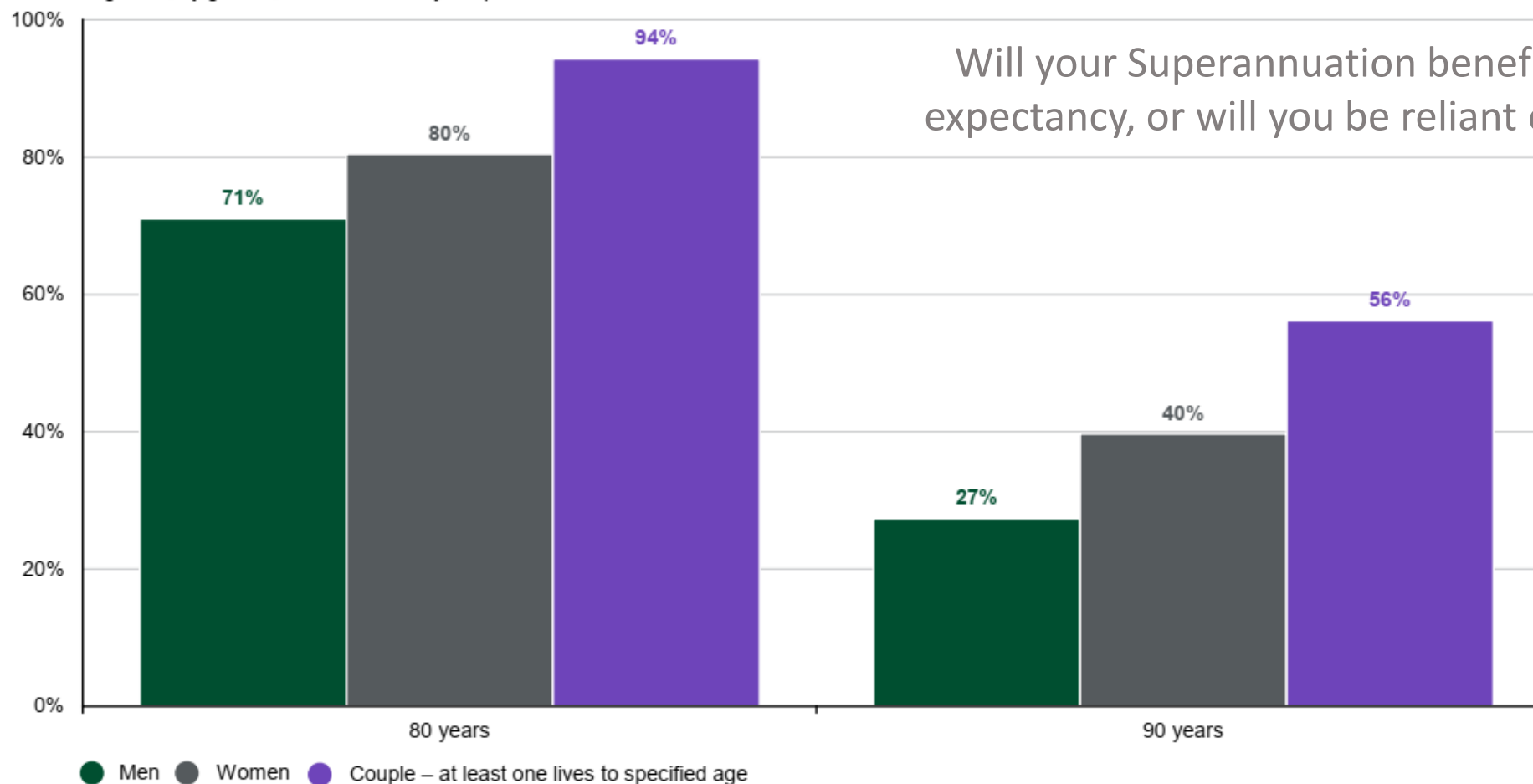
	Super	Mortgage		
Tax Rates	15%	34%	39%	47%
Interest Rate used	7%	5.5%	5.5%	5.5%
Value added after 15 years	\$213,597	\$146,777	\$136,693	\$118,766
Added benefit in super	N/A	\$66,820	\$76,904	\$94,831

A cluster of stylized, overlapping leaf-like shapes in light yellow and pale green, located in the top-left corner of the slide.

**What are we trying
to solve?**

Your Life Expectancy and Longevity Risk

Probability of reaching ages 80 and 90
Persons aged 65, by gender, and combined by couple

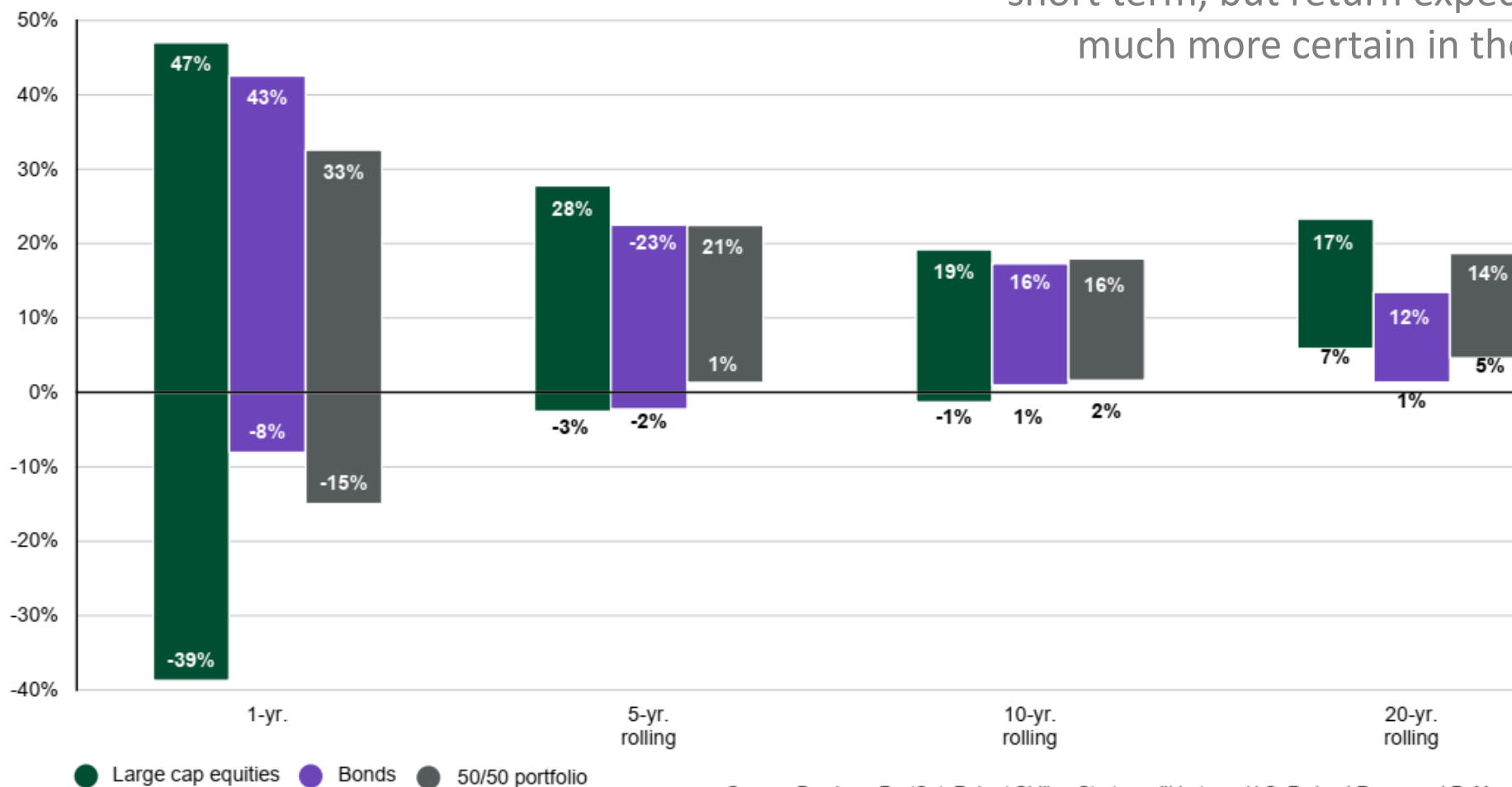


Source: ABS Life Tables, J.P. Morgan Asset Management.

Risk and Return Time Horizons

Range of equity, bond and blended total returns

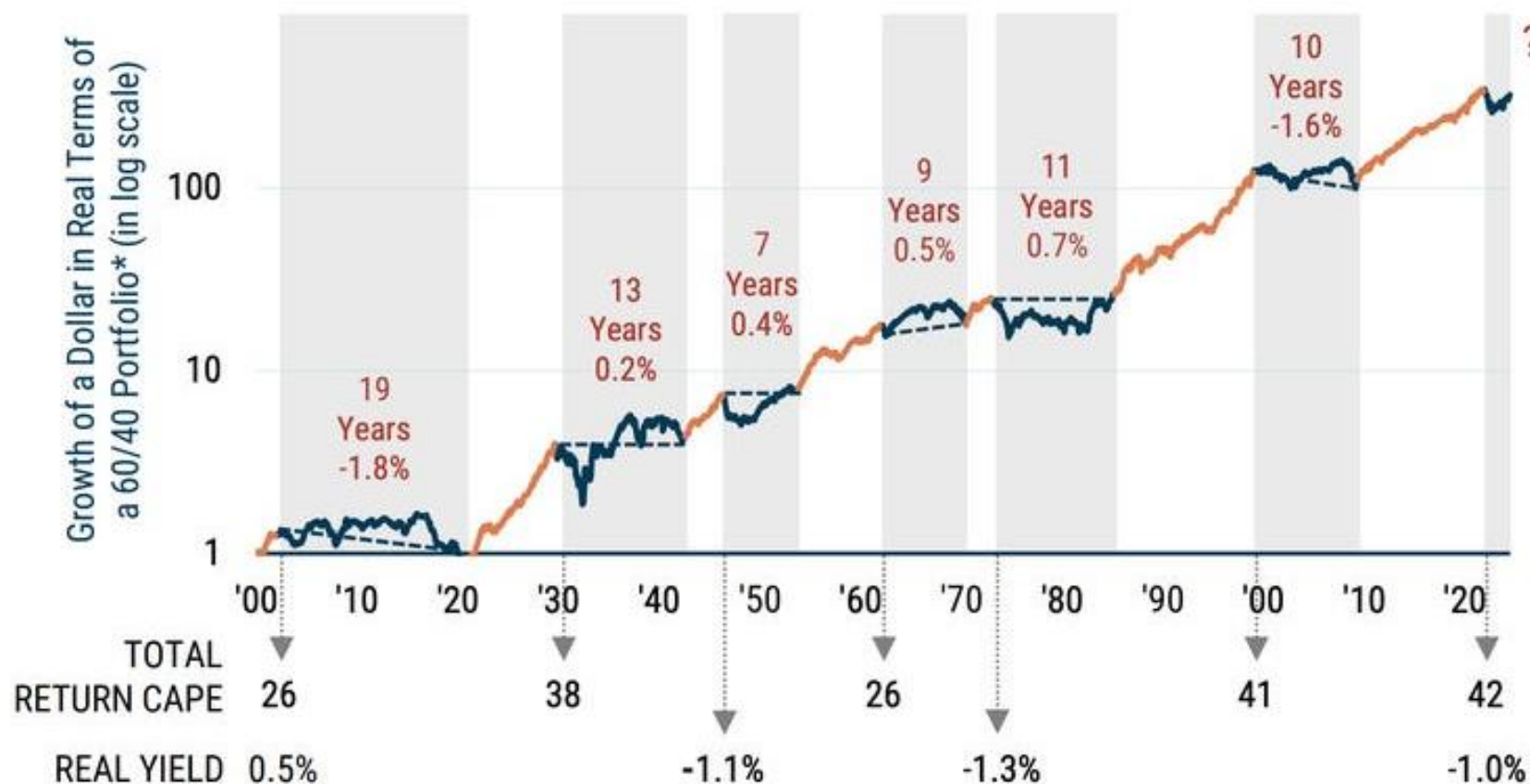
Annual total returns, 1950-2023



Volatility of returns is much higher in the short term, but return expectations become much more certain in the long term.

“Lost decades” are not uncommon

Most started with high valuations on stocks and/or bonds



How can we protect against these “lost decades” of making low or no returns?

Macro Overlay: The Economic Cycle

This is important as it will influence your investment portfolio strategy.

LATE UPSWING PHASE

- Boom mentality
- Inflation gradually picks up
- Policy becomes restrictive

ECONOMY SLOWS/ ENTERS RECESSION

- Confidence suddenly drops
- Inflation continues to rise
- Inventory correction begins

RECESSION

- Confidence weak
- Inflation peaks
- Production falling

MARKETS:

- Short rates drops
- Bond yields drops
- Stock market bottoming
- Commodities weak
- Property prices weak

MARKETS:

- Short rates peaks
- Bond yields tops out
- Stock market starts falling
- Commodities starts falling
- Property prices tops out

MARKETS:

- Short rates rising
- Bond yields rise
- Stock market topping out
- Commodities rising strongly
- Property prices rising strongly

EARLY UPSWING PHASE

- Increasing confidence
- Healthy economic growth
- Inflation remains low

MARKETS:

- Short rates at neutral
- Bond stable
- Stock market strong
- Commodities strong
- Property prices picking up

RECOVERY PHASE

- Stimulatory economic policies
- Confidence picks up
- Inflation falling

MARKETS:

- Short rates low or falling
- Bond yields bottoming
- Stock market rising
- Commodities rising
- Property prices bottoming

Source: ACG Advisors

Having The Right Asset Allocation Mix

THE RIGHT MIX?

It depends on your risk and return objectives, and where we are in the Cycle

100% Cash, Term Deposits and Bonds

Low risk of capital loss, but a high risk of not achieving long term return objectives

Alternative Absolute Return & Private Market Assets

- Hedge Funds (long short, market neutral, global macro)
- Private Markets (debt, equity, infrastructure, property)
- Alternative assets (commodities, renewables, niche)

100% Listed Shares and Listed Property

High risk of capital loss, but a higher chance of achieving long term return objectives

Most portfolios ignore the allocation to alternative absolute return assets and private markets. In our view, this is where the best risk adjusted returns can be generated.

Vanguard Long-Term Portfolio Return Expectations

The Vanguard Capital Markets Model **return and volatility forecasts over the next 10 years** are shown below along with the Vanguard Benchmark **actual returns** for the prior 10-year period (pa) ending 30th June 2024.

Forecast 10-Year Return Percentile						Volatility	Prior 10-Year Return
	5th	25th	Median	75th	95th	Median	Actual
Conservative	2.9%	4.3%	5.2%	6.1%	7.5%	5.7%	4.3%
Balanced	2.2%	4.2%	5.6%	7.0%	9.0%	8.9%	5.9%
Growth	1.2%	3.9%	5.8%	7.6%	10.4%	12.4%	7.6%
High Growth	0.0%	3.4%	5.8%	8.3%	11.8%	16.0%	9.2%

Source: Vanguard, July 2024

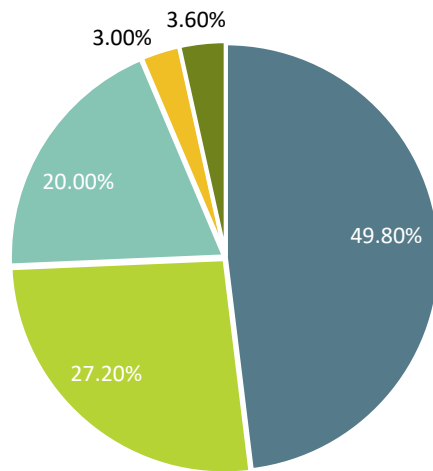
Conclusion: Generating returns using just listed stocks and bonds will be much more challenging in the future than in the past and investors will need to take more risk for less return.

Most Portfolios Have a 'Limitation'

Traditional Core Portfolio Strategy

Access to major listed markets

- Bonds (Listed Markets)
- International Shares (Listed Markets)
- Australian Shares (Listed Markets)
- Emerging Markets Shares (Listed Markets)
- International Small Company Equity (Listed Markets)



*Details shown are for the Vanguard Balanced Index Fund

What is missing for optimal diversification?

Access to non-traditional and private markets

- Private Equity (venture capital through to large-cap buyouts)
- Private Debt (corporate, property and asset-backed)
- Private Infrastructure and property (income and growth focus)
- Hedge Funds (long-short, market neutral, global macro)
- Commodities (precious metals, energy, renewables)
- Niche opportunities (mis-pricing, opportunistic, illiquidity premium)

MPW aims to provide investment strategy solutions to give portfolios the right mix of assets and improve long-term risk and return outcomes.

The Role of Alternative Assets In Portfolios

Framework-driven portfolio construction:
What roles do different categories play in the portfolio?

RETURN ENHANCERS

Global diversification and tactical/
opportunistic returns

Distressed
credit

Special situations

Private
Equity, Venture
Capital

LOWER Income/
HIGHER Volatility

CORE COMPLEMENTS

Added diversification and/or
enhanced returns

Corporate
mezzanine loans

Hedge funds

Non-core
real assets

CORE FOUNDATION

Stable Income with lower volatility,
diversification and inflation sensitivity

Core
Private credit

Core real estate,
infrastructure
and transport

Low volatility
core equity

HIGHER Income/
LOWER Volatility

Fixed income-like

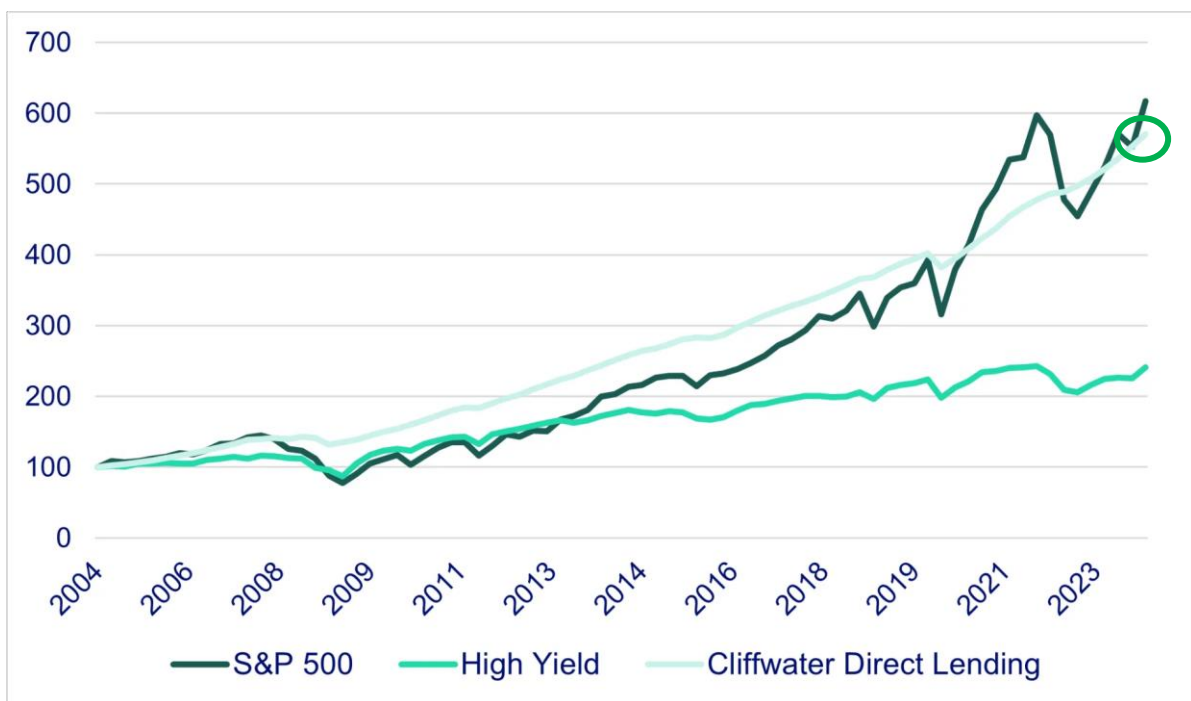
Hybrids

Equity-like



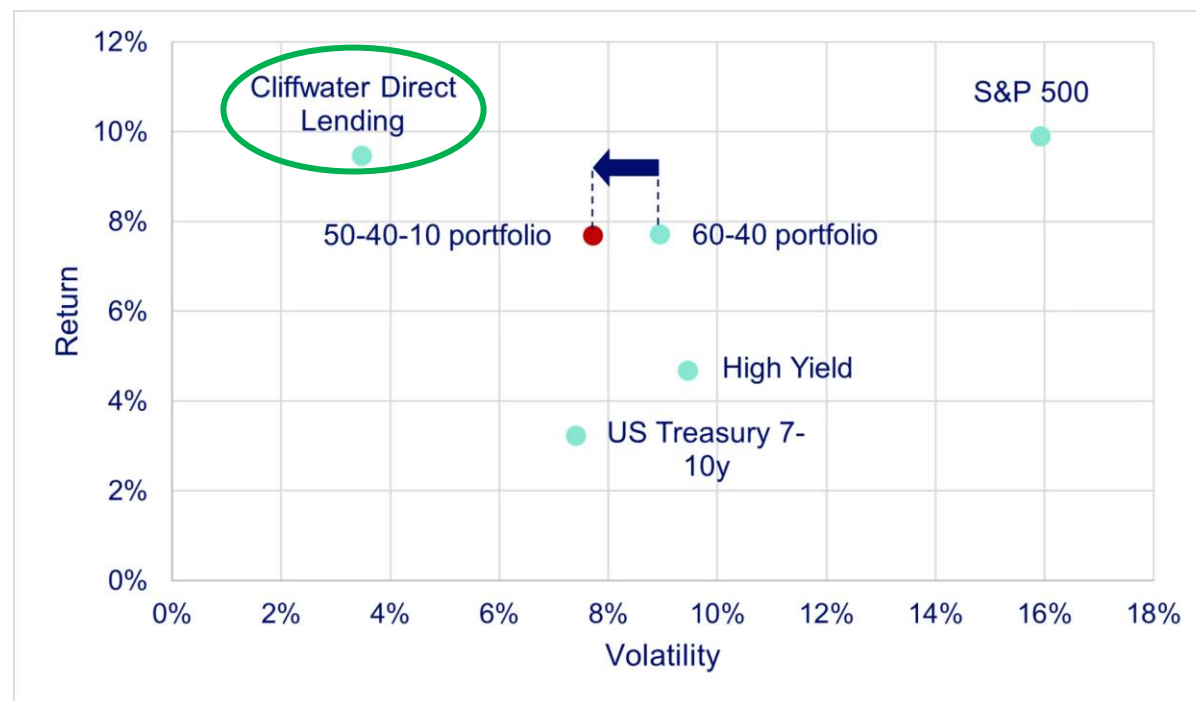
Private Lending: Higher Returns, Lower Risk

Direct Lending Returns Compared to Public Markets



Source: S&P 500 Equity index; Markit iBoxx USD Liquid High Yield Index; Cliffwater Direct Lending Index, as of 31.12.2023.

Direct Lending Risk & Returns Compared to Public Markets



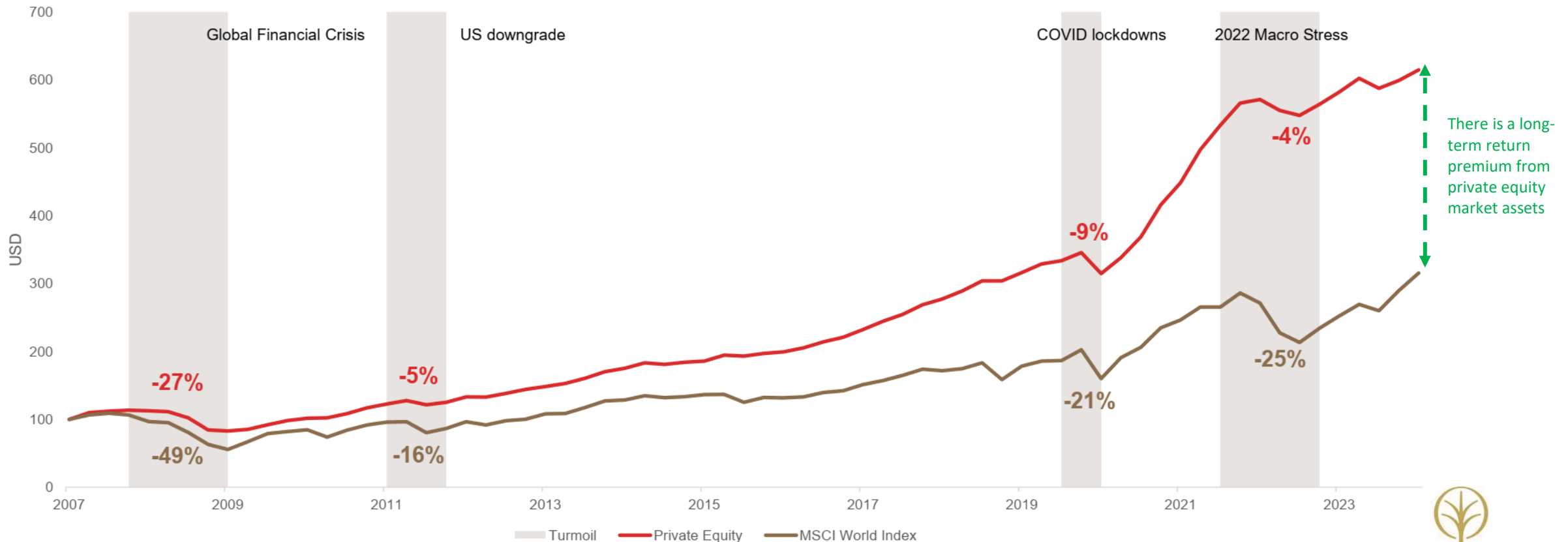
Source: Bloomberg, as of March 2024; Cliffwater Direct Lending Index, as of December 2023.

Private debt currently has 9-10% pa yields and strong risk-adjusted returns.

Private Equity: Higher Returns, Lower Risk

Global private equity has outperformed the global public listed market over the long term.

Total Return Index, March 2007 = 100

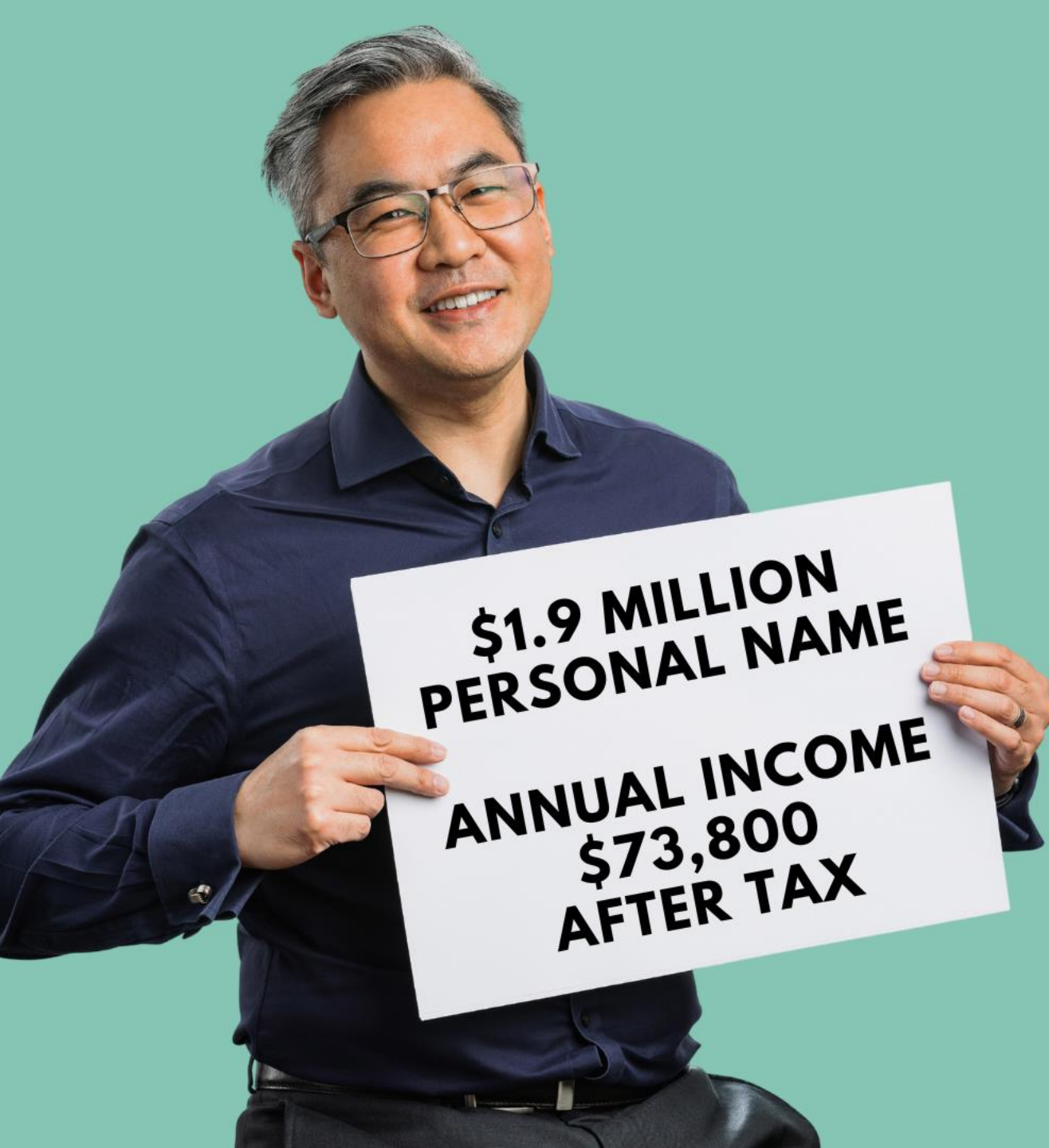


For illustrative purposes only. Figures as of 31 March 2024. Drawdowns correspond to quarter end index values. 1) Private Equity returns represented by the Bloomberg PE Buyout Index (PEBUY) through 31 Mar 2024. MSCI World total return in USD. Source: Partners Group (2024).





**What's the super deal
about superannuation?**





Key Takeaways

- Superannuation is the most tax-effective investment structure available to you.
- Start Early, but it's not too late to start now.
- Increase your super contributions, every bit helps.
- Your investment strategy can supercharge your returns.
- Long term compound growth will take care of the rest.
- Super is an investment in your retirement future, embrace it.
- You can have up to \$1.9m invested in a tax-free super fund after retirement at age 60, for the rest of your lifetime!
- **THAT IS POWERFUL.** Take control of your financial future.



1. Checklist and Resources.
2. Complete the feedback survey.
3. Book in for a 30-minute Complimentary Financial Health Check session.
4. Continue to attend our future seminars.



Any Questions



