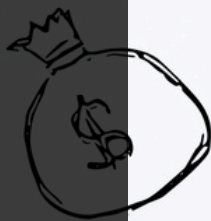


HOW TO CHOOSE A SUPER FUND



Why Superannuation Matters: Cutting Through the Confusion

Superannuation is the backbone of retirement savings for most Australians. Over the course of a working life, it becomes the primary vehicle for accumulating wealth, thanks to compulsory employer contributions and the power of compounding returns. For many, their super balance will ultimately determine the kind of lifestyle they can afford in retirement.

Beyond simply saving for the future, superannuation is also one of the most tax-effective ways to invest. Contributions made before tax are taxed at just 15%, significantly lower than most income tax rates. Earnings inside super are also taxed at concessional rates, making it an attractive long-term investment vehicle. However, there are caveats—access to super is restricted until preservation age, and contribution limits apply to prevent excessive tax advantages.

Despite its benefits, the superannuation industry is riddled with complex jargon, making it difficult for everyday Australians to navigate. Misleading terminology, hidden fees, questions on performance and investment choices can create confusion, leaving many disengaged. This guide aims to cut through the noise, providing clear, practical insights into how super works, why it's critical, and how to make the most of it. Understanding super isn't just important—it's essential for securing a financially comfortable future.

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Begin With The End In Mind

What if your super could do more than just sit in a managed fund and enable a life on your terms?

Your superannuation account is a means of accumulating wealth over your lifetime for the sole purpose of retirement. Superannuation is not just a distant retirement fund—it's your money. While it may feel out of reach now, it warrants proactive planning to ensure it supports your future lifestyle. Keeping a long-term goal in mind allows you to make informed decisions today, such as contribution strategies, asset allocation, and tax efficiency.

A great quote from Stephen Covey's *The 7 Habits of Highly Effective People* that captures the essence of your superannuation as "begin with the end in mind means to start with a clear understanding of your destination. It means to know where you're going so that you better understand where you are now and so that the steps you take are always in the right direction".

This approach, often called backward planning or reverse engineering, helps ensure every step aligns with your desired outcome.

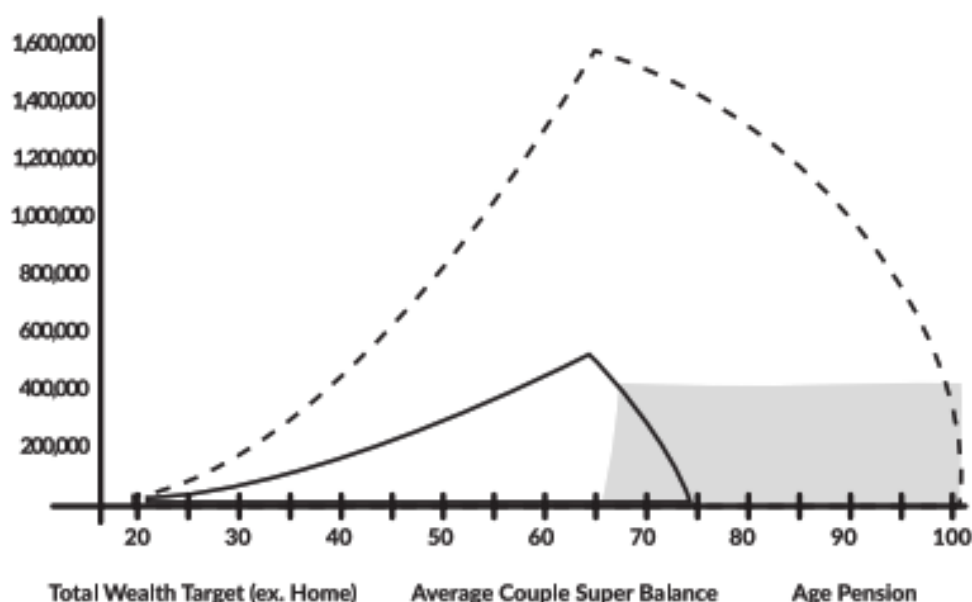


How Much Capital Is Enough?

The Association of Superannuation Funds of Australia (ASFA) estimates a modest retirement income for a couple at \$73,031/a, but a more comfortable lifestyle with regular travel may require \$80,000 annually.

Planning for a 30+ year retirement is essential, as the first decade is often the most expensive due to higher spending on travel and leisure. Superannuation benefits from compounding growth and the principle of “time in the market”, making early and consistent contributions critical.

With an assumed 4.5% real return per annum, a couple would need around \$1.6 million to fund retirement until age 100, assuming homeownership and minimal reliance on the age pension. Super isn't just about saving—it's about ensuring long-term financial independence. Proactive planning today secures the freedom to retire on your own terms, rather than relying on external support.



What's The Right Super For You?

The three types of defined accumulation superannuation funds are:

1. Industry Funds
2. Public Offer Funds (Retail)
3. Self Managed Superannuation Funds.

Every super fund is governed by the same rules under the Superannuation Industry (Supervision) Act 1993 (SIS Act). There's no right or wrong 'super fund', there's only benefits and trade-offs .

Do you understand your supers Fees? Investments? Transparency? The next table is a summary of how every fund differs -

Feature	SMSF	Industry Super Fund	Retail Super Fund
Control	Members act as trustees and make all investment decisions.	Managed by a board of trustees on behalf of members.	Managed by a financial institution or investment company.
Investment Options	Wide range, including direct property, private assets, and alternative investments.	Limited to pre-selected investment options (e.g., diversified funds, shares, bonds).	Offers a variety of managed investment options but no direct asset control.
Fees	Fixed costs (can be cost-effective for larger balances).	Percentage-based fees on balance.	Percentage-based fees and sometimes additional performance fees.
Regulation	Strict compliance with ATO rules; trustees responsible for legal obligations.	Regulated by APRA, minimal member responsibility.	Regulated by APRA, managed on behalf of investors.

What if you had multiple superannuation funds, weren't aware of the fees that is costing you potentially hundreds of thousands of dollars for retirement?

Secure your financial future by booking a call with our advisors to ensure your super funds is aligned to your financial needs and long term goals and lifestyle objectives.

Industry Funds

Industry funds were set up to service the superannuation needs of specific industries such as health, hospitality and construction. Over time, there have been mergers and transfers that have reduced the number and created giant funds for employees in many industries. Increasingly, industry funds are permitting members of the public to join, thus providing this market with an alternative to retail funds.

Benefits

- ✓ Low Fees
- ✓ Long-Term Performance (Indexing)
- ✓ Diversified Investment Strategies
- ✓ Default Insurance Options

Risks

- ⚠ Limited Investment Choice & Brokering Facility
- ⚠ Not Always the Cheapest
- ⚠ One-Size-Fits-All Approach
- ⚠ Liquidity Risks (in market downturns)

The Verdict

Industry super funds are generally great for passive investors who want low fees, strong long-term performance, and set-and-forget management. However, those seeking more control, tax strategies, access to a variety of investments such as private assets or direct asset allocation might prefer an SMSF or retail fund.

Public Offer Funds

A Retail Public Offer Fund is a commercial superannuation fund regulated by APRA, available to the public and typically offered through large financial institutions. These funds often operate via wrap platforms, allowing members to own units in a broad range of investment options.

Benefits of Retail Public Offer Funds:

- ✓ Investment Transparency, Visibility & Flexibility of holdings—
- ✓ Tailored Portfolios & Personalization
- ✓ Adviser Support & Risk Management
- ✓ Accessibility & Reporting

Who Should Consider a Retail Public Offer Fund?

These funds suit investors wanting greater flexibility, access to direct investments, and professional oversight, while still benefiting from superannuation's tax advantages.

How do I know what super fund is performing the best?

Choosing the “best” super fund based purely on past performance is fraught with danger because returns vary due to asset allocation. A top-performing fund today may underperform in different market conditions. Portfolio construction—diversification across equities, bonds, property, and alternatives—drives long-term stability. Chasing performance often leads to poor timing decisions. Instead, focus on asset allocation, fees, investment philosophy, and risk tolerance to ensure alignment with your financial goals.

Why Private Assets & Investment Style Matter in a Retail Fund

Private assets such as private credit, alternatives, and private equity in small-mid cap providers offer compelling diversification and superior risk-adjusted returns compared to ETFs and index funds.

Traditional market-cap-weighted ETFs disproportionately allocate to large-cap stocks, potentially leading to overvaluation and reduced return potential. Meanwhile, fixed-income investments offer limited downside protection due to narrow credit spreads and modest long-term yields.

Private markets fill this gap by providing higher yields, diversification benefits, and lower correlation to public markets, reducing overall portfolio volatility. Private credit, for example, capitalizes on the gap left by major banks, offering 7-10% yields on short-term loans, improving liquidity management.

Unlike public equities, private assets exploit inefficiencies in less competitive markets, where fundamental analysis drives returns. This enhances income generation and risk mitigation, making private investments a valuable addition to retirement portfolios seeking long-term outperformance.

SMSFs

A Self-Managed Superannuation Fund (SMSF) is a private super fund where members act as trustees, giving them full control over investment decisions. Unlike industry and retail super funds, SMSFs allow direct ownership of assets and greater flexibility in structuring portfolios.

Why SMSFs Suit Sophisticated Investors, Small Business Owners, and Property Investors, they provide -

- ✓ **Greater Control & Customization** – SMSFs provide complete autonomy over asset allocation, risk management, and investment strategy.
- ✓ **Direct Property Ownership** – SMSFs can purchase residential and commercial property, including business premises (via a Limited Recourse Borrowing Arrangement)—a key benefit for small business owners.
- ✓ **Access to Private Investments** – SMSFs allow exposure to private equity, private credit, hedge funds, and direct equities, offering broader diversification than traditional super funds.
- ✓ **Tax & Estate Planning Benefits** – SMSFs offer strategic tax planning and greater flexibility in managing contributions, pensions, and intergenerational wealth transfer.

Property & SMSFs

It's a process, but with the right team - you can unlock a scalable wealth-building tool.

Step 1: Set up an SMSF (corporate trustee for flexibility).

Step 2: Check borrowing eligibility (Limited Recourse Borrowing Arrangement - LRBA).

Step 3: Create an investment strategy (ATO compliance rules).

Step 4: Choose between direct purchase or a bare trust (required for borrowing).

Step 5: Secure pre-approval for SMSF loan.

Step 6: Find the right commercial property.

Step 7: Buy, structure correctly, and maintain compliance.



Financing Your SMSF Property

When an SMSF borrows to purchase property, it must do so under a Limited Recourse Borrowing Arrangement (LRBA). This structure ensures that only the purchased property acts as collateral, protecting the SMSF's other assets in case of default. The property is held in a bare trust until the loan is fully repaid, ensuring compliance with ATO regulations.

The SMSF funds loan repayments using rental income from the property and super contributions while benefiting from concessional tax treatment (15% tax on earnings, 0% in pension phase).

Lender Requirements for SMSF Loans

- 1. Liquidity Buffer** – Lenders require the SMSF to retain a cash reserve of 10–20% of the property's value to cover unexpected costs and ensure fund sustainability.
- 2. Serviceability** – The SMSF must prove it can meet loan repayments through rental income and regular super contributions.
- 3. Loan-to-Value Ratio (LVR)** – Most lenders allow SMSFs to borrow up to 70% of the property's value, meaning the fund must provide at least 30% as a deposit, plus additional costs like stamp duty and legal fees.

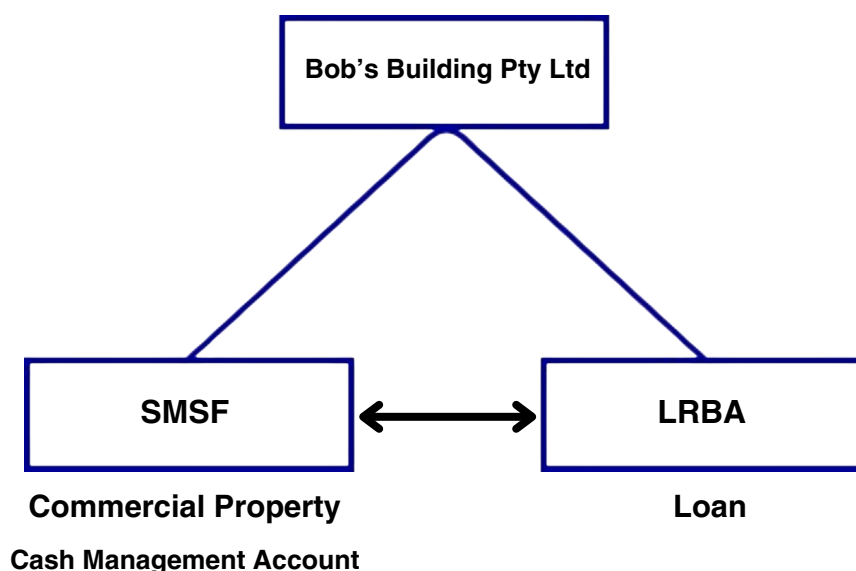
This structure allows SMSFs to strategically leverage assets, grow wealth through property, and maintain financial security while staying compliant.

Case Study - Bob The Builder & A SMSF and Commercial Property

Bob the Builder wanted to secure a long-term premises for his business while maximising his super. Instead of renting from a third party, he used his SMSF to buy a commercial property, allowing his company to pay rent directly into his super fund, creating a tax-efficient and self-sustaining investment.

To finance the purchase, Bob's SMSF structured a Limited Recourse Borrowing Arrangement (LRBA), securing a loan for 70% of the factory's value, with the property held in a bare trust. Importantly, all transactions were kept at arm's length—his business paid market rent to the SMSF, ensuring full compliance with ATO rules.

This strategy allowed Bob to control his business premises, build wealth through super, and benefit from tax-effective rental income, turning his super into a productive asset while maintaining a compliant and well-structured investment.



What About Your Personal Insurances?

Insurance within your superannuation provides default cover, offering financial protection in case of unexpected events like illness, injury, or death. However, it's crucial to regularly review your cover as your life circumstances change—such as getting married, having children, or increasing your financial responsibilities.

While insurance provides security, the premiums are deducted from your superannuation balance, directly impacting your retirement savings. Over time, these costs can reduce your overall retirement capital, meaning less money available when you stop working. By reviewing your insurance needs, you can ensure you have the right level of coverage—enough to protect your financial future without unnecessarily eroding your super. Underinsurance can leave you or your loved ones financially vulnerable, while excessive cover may deplete your savings.

Regularly assessing your policy helps balance protection with long-term wealth accumulation, ensuring financial security today without compromising your future retirement goals.

Time In The Market

Not 'Timing The Market'

"Time in the market" matters more than "timing the market" because long-term investing captures compound growth and minimizes the impact of short-term volatility. Predicting market movements is unreliable, but staying invested allows for recovery from downturns and participation in uptrends. History shows that missing just a few strong days can significantly reduce returns.

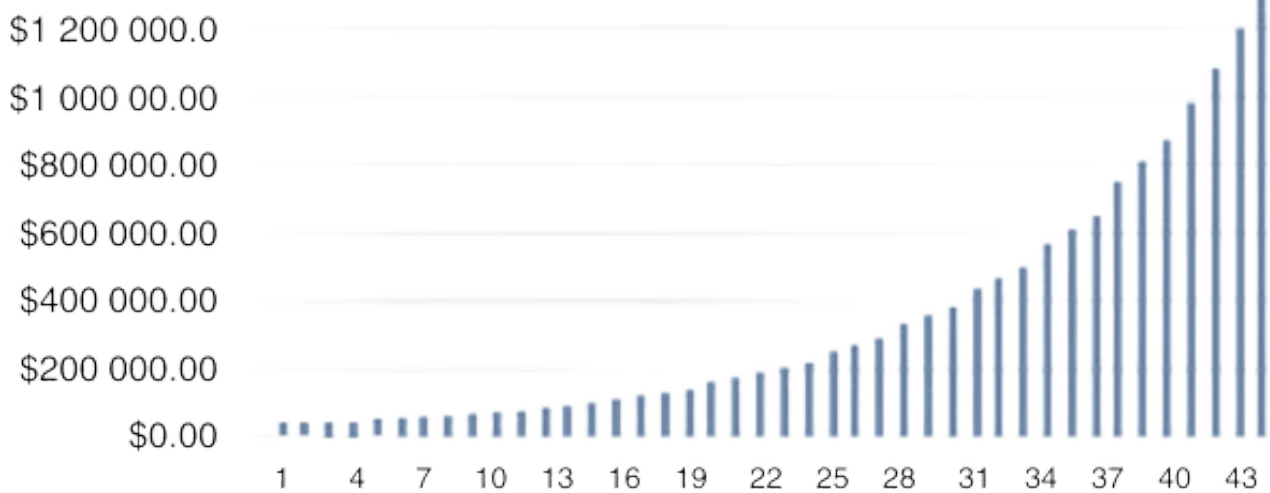
It's important to be mindful of the benefits of compound interest and how time invested works. Consider the following portfolio's as an example:

Initial Balance	\$10,000	\$30,000
Payments per month from employer	\$1,200	\$1,500
Number of Years Invested	45	35
Average Return	9%	9%
Total at retirement	\$1,114,303.34	\$935,985.17

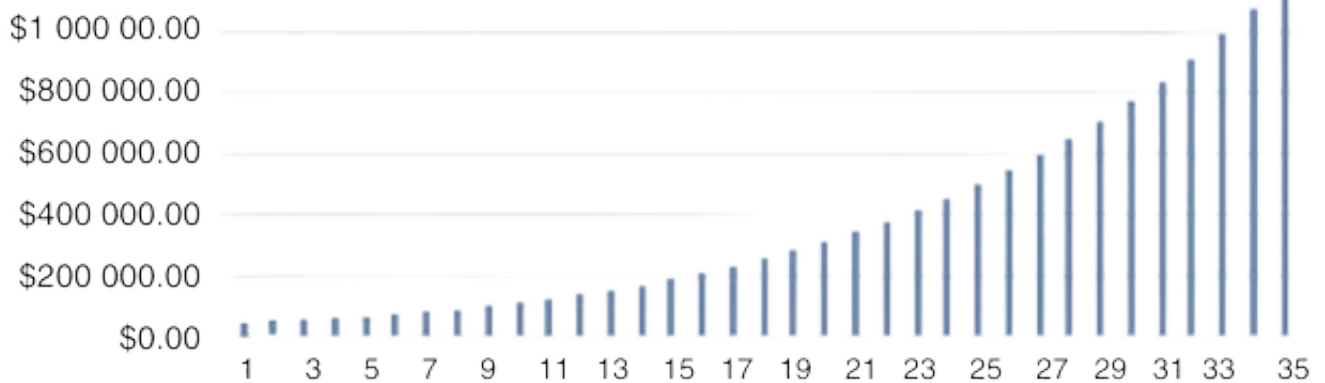
Year	Portfolio A	Portfolio B
1	\$12,100.00	\$34,200.00
2	\$14,389.00	\$38,778.00
4	\$16,884.01	\$43,768.02
5	\$19,603.57	\$49,207.14
6	\$22,567.89	\$55,135.78
7	\$25,799.00	\$61,598.01
8	\$29,320.91	\$68,641.83
9	\$33,159.79	\$76,319.59
10	\$41,905.15	\$93,810.30
15	\$71,657.92	\$153,315.85
20	\$117,436.25	\$244,872.50
25	\$187,871.88	\$385,743.76
30	\$296,245.83	\$602,491.66
35	\$462,992.58	\$935,985.17
40	\$719,553.13	
45	\$1,114,303.34	

From the table illustrating the previous example, we can see that Portfolio A doubled in value in the 10 years where Portfolio B had stopped investing. From a simple compounding example, we can see that investments gain in value exponentially the longer the investments have to mature.

Portfolio A - Superannuation over Time



Portfolio B - Superannuation over Time



Why Seek Financial Advice?

A trusted financial advisor provides more than just investment tips—they serve as a strategic partner who understands your unique values and goals.

We've coined the phrase 'The 5 C's of Financial Planning' as listed below:

1. Clarify your objectives,
2. Calibrate your risk tolerance,
3. Construct a portfolio,
4. Create a financial plan and,
5. Continue to monitor for any changes in your situation.

By partnering with a seasoned financial advisor, you gain a trusted ally dedicated to helping you achieve your goals and live a more secure, fulfilling life.

Contact

Ready to have a conversation?

Rivkin Wealth Advisors is committed to guiding you with the utmost professionalism and dedicated service as you navigate your financial journey. We look forward to partnering with you on this exciting path towards financial growth and stability.



Jock Evans, Financial Advisor

Jock Evans is a key member of our Wealth Advisor team. With over seven years of experience in the financial services industry, Jock specialises in creating tailored wealth management strategies and investment plans. Holding a Bachelor of Commerce and having studied Financial Planning and Economics at the postgraduate level, he is dedicated to helping clients understand the intricacies of their investments, empowering them to make well informed financial decisions.



Alex Galvin, Financial Advisor

Alex Gavin is a Senior Financial Advisor at Rivkin Wealth Advisors. He has over ten years of experience with focus on helping clients create and preserve their wealth. Alex adopts a client-first approach in crafting prudent financial strategies that ensure that his clients achieve their financial and lifestyle goals. He holds Certified Financial Planner status and an Investment Management Analyst Certificate, while also possesses a Bachelor of Commerce and a holds Master of Financial Planning.

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Super Fund Quiz

Are you confident in you super fund?

1 = No

2 = Uncertain

3 = Yes

1 I am confident that my superannuation is wisely invested and that I have made active choices in picking a fund?

1

2

3

2 I am confident that I will reach my investment goals with my current investment plan by the time I retire.

1

2

3

3 I have the precise and correct amount of insurance cover to cover my debts, pay for my kids or provide for my needs if I was not to work again?

1

2

3

4 I am aware of all of my super funds fees, investments and transparency of holdings?

1

2

3

Scored under 12? **Contact us today for expert advice.**



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