customers will continue to cop it in the neck without even noticing . . . so why worry?

Here's what I'd do if I were a Westpac customer.

If you're a good customer — which means you have more than 20 per cent equity in your home, you're a dedicated saver, and you have a stable income — you could bitch to them and threaten to switch. I have a word-for-word script (in my book) that has helped thousands of people get a better deal. You may be surprised how well it works.

*The Barefoot Investor for Families: The Only Kids' Money Guide You'll Ever Need*
HarperCollins
RRP $29.99


And what about if you're not all those things? You should do everything you can to become a good customer.

Interest rates are moving higher (regardless of what the RBA does), and it's time to get yourself in shape.

*Tread Your Own Path!*

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# Death can be a drag when talking super

Noel Whittaker

WHENEVER I make a speech to retirees I mention the death tax of 15 per cent (17 per cent with Medicare levy) that can apply to superannuation death benefits.

Most people have never heard of it and believe Australia doesn't have death duties. Well, it's not strictly speaking a death duty, but the effect is the same. Take time to get your head around it — it's an easy tax to minimise with a bit of planning.

You need to first understand that it applies only to any taxable portion of your super fund given to a non-dependant. A spouse is always a dependant, whether or not they have a separate income.

It does not apply to the tax-free portion of your super, so those over 60 and still eligible to contribute to super could take advice about adopting a withdrawal and re-contribution strategy. This involves taking out a chunk of your super tax-free, then putting it back as a non-concessional contribution.

There is no cost involved, as there is no entry tax on these contributions, and it effectively converts the amount re-contributed into a tax-free component. But watch the contribution limits — there are big penalties for exceeding the caps.

The next thing to understand is that you cannot elect to withdraw just from the taxable component. If your balance is partly taxable and partly non-taxable, the components of the withdrawal will be in the same ratio as your existing balance.

Many retirees are in pension phase, which means the earnings on their fund are tax free, as are the withdrawals if they are aged 60 or over. However, the tax-free status of the fund does not mean all the components become tax free. There will almost certainly still be taxable and non-taxable portions, with the death tax applying to the taxable component when paid to a non-dependant.

One reader asked if the death tax could be avoided by leaving the money to a charity. There's no joy here, as a charity is treated the same as a non-dependant. A better option for anybody who wants to leave money to charity would be to withdraw it from super before they die and claim a tax deduction.

However, if you are receiving Centrelink benefits, take advice, because the gift could be regarded as a deprived asset if over $10,000.

So, if the tax does apply, how is it calculated?

It is a maximum of 17 per cent, not a flat 17 per cent, and is deducted by your super fund before paying your beneficiary the death benefit.

The tax paid is recorded on a PAYG payment summary (similar to wages). When your beneficiary lodges a tax return, the assessable amount received and PAYG withheld must be reported. If they have a high income, or if the sum is big, the tax is rebated so no more than 17 per cent is payable. If they have a low income, they may receive a refund of the tax paid by your super fund.

If you are considering a binding nomination, make sure you understand the implications. Once a binding nomination is in place, the trustee may lose the discretion to distribute the proceeds in the most tax-effective manner.

The simplest way to avoid the death tax is to make sure you have given a trusted person an enduring power of attorney, with instructions to withdraw your super in full if it appears death is imminent. There would be no tax on the withdrawal, and the money could then be distributed in accordance with the terms of your will after your death.

**Noel Whittaker is the author of *Making Money Made Simple* and other books on personal finance. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.**

## ASK THE EXPERT

Send your questions to Noel Whittaker **noelwhit@gmail.com** or tweet **@NoelWhittaker**

**Q** I'm 37 and have always invested in high-growth super, but was told I should change to conservative as the market is likely to readjust given that the growth in the American share market is unsustainable. What are your thoughts?

**A** I don't like the strategy. You have more than 20 years before you can access your super and will experience upturns and downturns in that time. Forget about trying to time the market and hang in there. When markets fall, your super will continue to be invested on a regular basis, which means you can take advantage of the dollar cost averaging strategy.

# Fix the bad habit or limit your work career

WORKPLACE MATTERS
Gary Martin

YOUR boss cuts you off mid-sentence when he asks for your thoughts. A co-worker tells tasteless jokes. The receptionist is never at reception.

It is easy to identify other people's poor work habits, but recognising these negative traits in ourselves is usually a different story.

Yet your own work habits could be career limiters — and career killers at worst.

Chances are you have been displaying those career-limiting moves for years, so making changes might seem like an insurmountable challenge. But simple awareness of those habits can begin a journey that will ultimately paint you in a more positive light with your boss.

There are number of common bad work habits. If you think you possess any of these, and you are interested in career progression, it would be wise to consider changing your ways.

Perhaps at the top of the list of bad work habits is simply being too chatty.

If you are always making small talk with your co-workers instead of getting on and doing the job at hand, think about ditching the chat and becoming more work-focused, which will allow your colleagues to get on with it as well.

And if you spend your working day scrolling through your social media accounts, don't think it will go unnoticed.

It's another form of chat, not to mention a bad work habit.

Consider your personal organisational skills — employers are often frustrated with employees who spend little time planning, communicating and co-ordinating with others to ensure things run smoothly.

Think also about your attitude. Are you constantly complaining about the way things are to the point that your co-workers see you as a negative influence? A better approach is to be proactive and to see if you can take steps to change things for the better.

Maybe it's that you deflect responsibility and cling to your job description when a challenge arises, giving your co-workers the impression you lack initiative, work ethic and team spirit. Or maybe it's just that you arrive late for work far too regularly, are unwilling to change and are a chronic procrastinator when it comes to completing a particular task.

Importantly, if you are concerned about a bad habit you think is impacting on your career, you should move quickly.

Accept that your behaviour is a problem and own it in terms of finding a solution.

A healthy dose of reflection is important to gain clarity around the problem. For example, if you engage in too much idle chat in the workplace, ask yourself what seems to trigger that behaviour.

The good news is that the problem holding you back in the workplace might well be fixed with some training, or through some mentoring by a co-worker.

And the really good news is that more often than not the problem will simply disappear with greater self-awareness.

**Professor Gary Martin is chief executive at the Australian Institute of Management WA**