

Labor's new hit on super defies logic

ASK the average Australian what they think of superannuation and they will give you a worried look and make a comment like, "I don't trust it — they keep changing the rules".

Given this undeniable truth, one would think a major goal of all political parties would be to minimise changes to superannuation. That would hopefully restore trust in the system, and encourage people to use superannuation for its original purpose — funding their retirement so as not to be a burden on the welfare system.

But it looks like the politicians can't keep their hands off it. I was dismayed to hear that during a recent speech to the Financial Services Council, Senator Kristina Kenealy made the following comments on behalf of Shadow Treasurer Chris Bowen.

"We oppose the Government's measures to allow catch-up concessional contributions and tax deductibility on personal superannuation concessional contributions. We will also lower the annual non-concessional contributions cap to \$75,000 and further lower the high-income super contribution threshold to \$200,000. We believe in increasing the superannuation guarantee to 12 per cent when

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contribution. But generally, employees of companies that offered salary sacrifice were better off.

In the latest raft of changes by the Turnbull Government, all taxpayers were given equality. This is the kind of change that super needs — small improvements to the system.

Everybody can make additional contributions (up to the concessional limit of \$25,000 a year including employer contributions) and claim a tax deduction.

Now Labor is threatening to reverse this long overdue change in the rules. Where is the logic in that?

Many employees cannot afford additional contributions, even if the employer offers salary sacrifice. But they may well be able to save a bit and make an extra contribution at the end of the financial year. One major benefit of doing so would be to get a tax refund, which could be used as a contribution to superannuation in the following year.

The more politicians tinker with it, the less attractive it becomes to lock money away in super.

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 If Labor wins power, it intends to disallow the payment of cash for franking credits to investors who pay no income tax. This is of concern. However, I have heard there is a possibility existing securities could be grandfathered until they are replaced over the next seven years. What does that mean?

A I have not heard of this proposal, but I suppose it would mean that investors would be able to claim excess franking credits on existing shares, but not ones that had been more recently purchased. I cannot imagine it being legislated in view of its immense complexity.



Smart advice: Billionaire Warren Buffett hedges his bets via an index fund. Picture: AP Photo

most elite hand-picked hedge funds over the next decade. These hedge funds were not only run by the sharpest investors on Wall Street, but they were able to invest in whatever they wanted.

Guess what happened? In the first year of the bet, Buffett's index fund was down significantly against the hedge funds, and it looked like he'd made a terrible mistake.

The index fund dropped a massive 37 per cent in the first year, while the hedge funds were down only 23 per cent.

The Barefoot Investor: The Only Money Guide You'll Ever Need (Wiley) RRP \$29.95



So what did Buffett do to fix it?

Nothing. Guess what happened after 10 years?

The hedge funds on average were up 36 per cent over the decade. Buffett's simple low-cost index fund was up... 125 per cent!

So before you switch to another fund, I'd suggest you focus on the only two things you can control: the percentage of your super you have in the share market, and the fees you pay each year.

Personally, I'll remain invested in the simple, ultra-low fee, globally diversified, indexed-balanced fund.

Yet I'll leave the last word of advice to Buffett, who at 87, is old enough and rich enough to speak the truth: "Just remember, the person you're talking to... your fees are their income."

Mental health warning signs for bosses

IT is alarming. Experts believe about one in five Australians have taken time off work in the past 12 months because they felt stressed, anxious, depressed or mentally unhealthy.

And that figure is estimated to be twice as high in workplaces that are viewed as mentally unhealthy.

Some suggest mentally unhealthy Australian workplaces cost in excess of \$10 billion each year — the combined dollar impact of absenteeism, presenteeism (being at work but "tuned out") and workers' compensation claims.

So how can you spot the

WORKPLACE MATTERS

Gary Martin



early warning signs that your workplace is becoming mentally unhealthy? And what can be done about it?

There are a number of red flags.

An easy one is absenteeism rates. If these seem unreasonably high, then this might be the start of an evolving unhealthy workplace.

At the very least, it should jolt you to question the overall

health of your workplace. Have employees uncharacteristically withdrawn from interacting with others?

Are there increasing numbers of employees complaining about not coping with their workload?

Has there been an increase in the number of employees lodging grievances?

Is there an atmosphere of indecisiveness in the workplace?

Has an increase in accidents and/or errors been observed?

Is there a general reluctance to approach managers about mental health issues such as stress, anxiety and depression?

Answering yes to any of these questions will give you some insight into how healthy — or unhealthy — your workplace is and whether you are heading into seriously mentally unhealthy terrain.

When a workplace is headed for that terrain, managers and leaders need to take swift and practical action.

These actions include encouraging and modelling work-life balance, providing support to those who require it, monitoring workloads and stepping in when the balance appears to be uneven across employees, and facilitating access to professional counselling

services as and when needed.

But managers and leaders must have a much bigger agenda if they are truly committed to creating mentally healthy workplaces.

They must play an ambassadorial role in breaking down the stigma associated with mental health issues and lead an awareness of what can be done to provide support to co-workers who are experiencing difficulties with their mental health.

Leaders must, for example, change the perception that mental health issues such as stress, anxiety and depression

are signs of weakness, and correct the misconception that those suffering from depression can simply "snap out of it".

Above all, they must use their influence to ensure that those in the workplace view mental health issues as they would other health issues, and create an environment where employees are prepared to disclose those issues to acquire any support they need to be a productive member of the team.

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