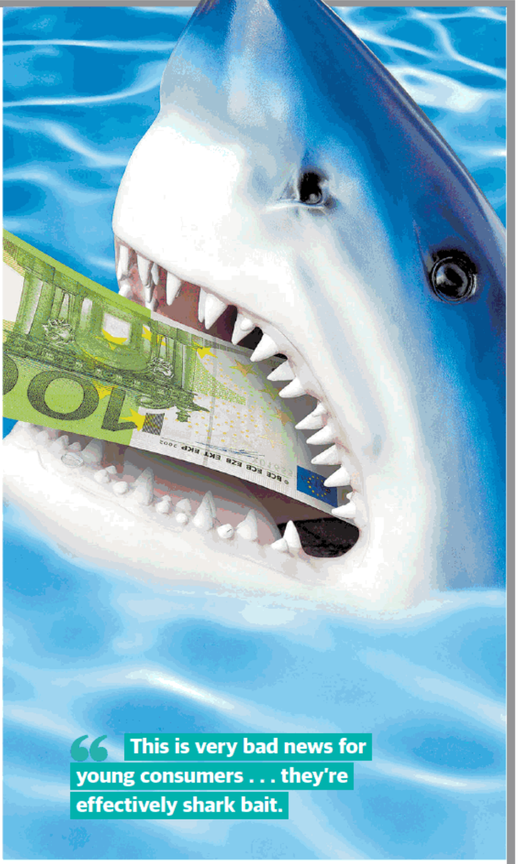

> This is very bad news for young consumers . . . they're effectively shark bait.

I find out categorically if Oasis Trade is a scam company?
Barefoot responds: Right here.

Questions worth asking
Sarah writes: Many years ago, when I was five, we lost my father to an accident and my siblings and I always wish we had more memories of him. Just this year we lost our mother to cancer. Before she passed away I asked her your questions (from the Father's Day column) and videoed it. The answers were surprising and showed a side of Mum I had not seen.

When she passed, I shared it with my family as a parting gift from her. Out of all the lessons I have learnt from you, this is by far the greatest. Thank you for sharing, it's such a great idea.
Barefoot responds: I'm sorry for your loss.

Lots of readers wrote to me telling me they followed my advice last week and did the Father's Day video with their dad. It's funny how something that costs nothing but time, and the courage to ask the questions, can be worth so much — arguably as personally valuable as anything worldly they could have left behind.

The Barefoot Investor for Families: The Only Kids' Money Guide You'll Ever Need
HarperCollins
RRP $29.95

Tweak super for a windfall in retirement

NOEL WHITTAKER

A GROWING number of today's older workers will face challenging times when they reach retirement, if the latest figures from the Australian Bureau of Statistics are any guide.

The ABS says only 56 per cent of people aged 55–64 are mortgage-free, and there are fears more Australians will find their retirement plans seriously challenged as they try to survive on a reduced income, with mortgage payments to boot.

It's a potentially serious situation, but it can be solved by taking action sooner rather than later. The starting point is figuring out where you are now.

Think about Mal, aged 55, who earns $120,000 a year and has a mortgage of $200,000.

Mal hasn't been all that interested in finances, so his home loan's interest rate is still 5 per cent and the repayments are drifting along at $1300 a month. Until now, retirement has always seemed light years away, and he hasn't given any thought to what would happen when that day finally comes along.

Hopefully, finding out where he is could get Mal motivated. So his first step should be to go to my website (noelwhittaker.com.au) and start using the loan calculators. Mal would quickly find out that his loan has 20 years to go, and that he will arrive at age 65 with a debt of $127,535 remaining. That should be an urgent call to action. Luckily he has a guardian angel — superannuation.

The trick is to take advantage of the different tax rates between money received in the pay packet, and money salary-sacrificed to super. Mal loses 39 per cent of gross pay taken in hand, but just 15 per cent on contributions to super. Furthermore, money paid off the mortgage is effectively earning 5 per cent, while most good superannuation funds are returning about 8 per cent to 10 per cent a year.

Mal's employer contribution should be $11,400 a year, which leaves room for an additional $14,600 to be contributed to superannuation in one way or another. This can be done either by salary sacrifice (which requires the employer's co-operation) or by making additional personal superannuation contributions.

To keep the example simple, let's suppose Mal makes personal superannuation contributions of $1217 a month ($14,600 a year), which should boost his superannuation by $12,410 a year after the 15 per cent contributions tax is taken off. The payments will be tax-deductible, which should lead to a tax refund of $5700 a year.

If the additional superannuation contributions put too much strain on his budget, he could use that tax refund to help get by, but a better option would be to contribute it to superannuation as non-concessional contributions. There is no entry tax on such contributions.

In 10 years, when Mal is 65 and ready to retire, the non-concessional contributions should have boosted his superannuation by $87,000, and the deductible concessional contributions by $189,000.

It's a magnificent outcome. Instead of facing a debt of about $127,000 when he retires, which could take a big chunk of his employer superannuation, he has boosted his personal superannuation by $276,000. He could then withdraw $127,000 tax-free to pay off the debt, and still have an extra $149,000 in super, in addition to the employer superannuation.

There is a lesson here for anybody facing retirement within the next 20 years. The actions you take today will make a huge difference to the kind of retirement you are likely to enjoy. The longer you leave it to start — the harder it will be.

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 Five years ago I used the legislation of the time to make a non-concessional super contribution of $450,000 by using the bring-forward rules. I now have $800,000 in superannuation. Is it possible to use the bring-forward rules again and make a contribution of $300,000. I am 62 years of age.

A The bring-forward rules only cover the last three years, so you are fine from a time perspective. You are under 65, and your balance in superannuation is under $1.6 million. Therefore, I see no reason why you cannot make a non-concessional contribution of $300,000 using the bring-forward rule.

When the curse of cronyism lurks at work

WORKPLACE MATTERS
Gary Martin

THROUGHOUT your career you will have seen it creep into your workplace more often than you would like to acknowledge — the curse of cronyism.

It usually involves someone in authority favouring or providing advantages to friends or trusted colleagues.

Perhaps your boss has been surprisingly forgiving of one of your colleagues who has made a blunder as destructive as a hurricane. It turns out the colleague went to school with your boss and the pair have remained buddies ever since. Maybe another colleague received a promotion ahead of other more qualified and experienced applicants. He also happens to be the chief executive's golfing partner.

Or perhaps a colleague received her full cash performance bonus despite the fact she did not achieve many agreed performance indicators, while others in the company who achieved many of their targets received diddly-squat. Turns out that colleague was the boss' ex-girlfriend.

While you would like to believe workplace decisions involving your colleagues are underpinned by attributes such as fairness, merit and equity, this is not the case when cronyism creeps into the workplace.

Psychologists say cronyism occurs because people are naturally hardwired or attracted to that which is similar or familiar. This hardwiring makes cronyism very difficult to curb.

And while many organisations put in place deliberate tactics to reduce or eradicate cronyism, it continues to be a scourge of many modern workplaces. In larger doses, cronyism leads to a range of problems, including resentment, disharmony, low morale and jealousy, which is why dealing with cronyism ought to be a priority.

> People are naturally hardwired or attracted to that which is similar or familiar

If you observe what you consider to be cronyism in your workplace, taking steps to reduce it can prove exceptionally challenging — because the most effective way of addressing cronyism is by tackling this curse head-on.

In the first instance, stay professional. Just because others around you make decisions in an unprofessional way does not give you the licence to act inappropriately.

Think also about discussing specific examples of cronyism with a trusted colleague to test your perceptions.

If you are convinced that your boss appears to be favouring someone for no apparent reason other than their close relationship, you might want to consider drawing their attention to it — but in a very diplomatic way.

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