turn will come someday soon. Circle of life.

Pardon my French

Genevieve asks: I would like to know if a French version of your books exist please?

Barefoot responds: Bonjour mademoiselle, Non! Cordialement, Barefoot.

Kids say the darndest things

Nick writes: My wife and I have been doing the Jam Jars with our two girls for a bit over a year now. I just wanted to let you in on a conversation I overheard this morning:

Wife: "Why don't you have more money in your Give Jar?"

Six-year-old: "I give it to the people."

Wife: "Which people?"

Six-year-old: "The people in the tuckshop I get my Icy Pole from."

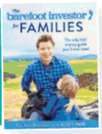
Wife: "That's not what your Give Jar is for, darling."

Six-year-old: "But I give them money for my Icy Pole!"

Barefoot responds: You, my friend, have won question of the year. I got a real laugh from this one.

Let's hope your daughter doesn't become a lawyer!

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



Super reaps compound interest boon

NOEL WHITTAKER

I HAVE have become accustomed to an inbox full of emails. But this week a query came which covered most of the fundamentals a couple moving towards retirement need to understand.

He told me he was 53, earning $72,000 a year, and was contributing 5 per cent of after-tax dollars in superannuation on top of the employer contribution of 9.5 per cent. He confessed he had been a late starter to the world of financial literacy and so had just $50,000 in super. His wife was 44, earning $50,000 a year, with $90,000 in super. They had just bought their first home for $500,000 and owed $400,000 at a variable rate of 2.9 per cent. They had $10,000 in an offset account. Their goals were to pay off their house within 10 years, and retire at age 70. He sought my advice on the best way to retire comfortably.

The good news here is that, despite his age, he hasn't left planning for retirement too late. There are still 17 years to go, and the family has the benefit of two incomes to boost their wealth-building.

My first step was to run the figures through the Superannuation Contributions Calculator on my website at www.noelwhittaker.com.au.

If we use a yearly salary increase of 3 per cent, and rate of return of 8 per cent, we find out that in 17 years his balance should be $440,000 from the employer contributions alone. Using the same assumptions for his wife, her balance should be $510,00 in 17 years. The reason for her higher final figure, even with her lower salary, is the bigger figure she is starting with. This shows the importance of starting early and getting a good superannuation balance going as soon as you can, so compound interest can work.

I told him I wouldn't be rushing to get the house paid off in 10 years, because any money used for extra house repayments comes from after-tax dollars, and earns an effective rate of just 2.9 per cent — the mortgage rate. They would be far better off to maximise their super contributions. First, their superannuation funds should give much better returns than 2.9 per cent per annum; and second, contributions up to a total of $25,000 a year each, including the employer contribution, can be made from pre-tax dollars.

They are both in the 34.5 per cent tax bracket when Medicare is taken into account, which means that it takes $7650 in pre-tax dollars to produce $5000 in after-tax dollars. So it's a choice of paying $5000 off the mortgage — a return of 2.9 per cent — or contributing $6500 (after 15 per cent entry tax) to super, where it may earn an average of 8 per cent per annum.

So, by letting their home loan plod along, and putting extra personal deductible contributions of $6500 each into superannuation, their combined superannuation balances should increase by $440,000 in 17 years.

Let's fast forward 17 years: their total superannuation would be $1.4 million, which should more than adequately provide for their retirement. By giving themselves a 17-year timeframe they have increased their superannuation from $140,000 to $1.4 million, while living well along the way. And they can now withdraw a tax-free amount from their super to pay off the last part of their home loan.

This is a great example of what can be achieved by anybody who makes the time to analyse their situation, set goals and take some action. Remember, the earlier you start the easier it will be. Earning rates, interest rates and inflation may change — if so, this couple will be well placed to handle them.

Noel Whittaker is the author of *Making Money Made Simple* and numerous 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 I have my wife nominated as a reversionary benefactor does this mean on my death that my super will simply be transferred across to a super pension scheme in her name?

A Cosette Woolley of Superannuation Services tells me that if the wife has been nominated as a reversionary beneficiary in the terms and conditions of the pension, then the pension would automatically revert to the wife as a pension on the husband's passing. Depending on the trust deed, she possibly could have the option to commute the pension and take it as a lump sum.

As we move forward, let's stop saying it

WORKPLACE MATTERS
GARY MARTIN

IT IS a completely unnecessary, largely overworked, exceptionally annoying and mostly meaningless expression that has shot to prominence during the COVID-19 era: "going forward".

Once quarantined to the office, "going forward" (or its twin "moving forward") has infected the public arena in relation to life post this pandemic.

The medical professional speaks about "a plan to ease social distancing measures going forward" as the politician in a TV interview explains that "along with other COIVD-19 work it will help us to progress going forward" while the economist predicts "going forward unemployment rates are anticipated to treble".

The chief executive will offer up that "post-COVID-19 we are planning a new future for the company going forward", the sporting legend tweets "going forward the pandemic has taught us many lessons that we can use to improve our lives" and the newsreader spruiks "we are likely to see greater precautions taken going forward".

In the short time that COVID-19 has ruled our lives, "going forward" has touched our prominent leaders in the same way as past insufferable pieces of babble speak such as "thinking outside the box", "let's park that" and "we must circle back".

Its unfettered rise to fame has happened despite the availability of a plethora of perfectly punchy alternatives, including "from now on", "beginning today", "advancing", "improving", "progressing" and so on.

OK, it's a tempting phrase to use and it might signal forthcoming grand plans.

But many people simply despise the term, not least because of its past use by business leaders who wanted to bury unmitigated disasters that had taken place on their watch and divert attention to a more positive future.

In most instances, the expression is also redundant. When the banker tells us "the impact of COVID-19 has the potential to restrain economic growth going forward", the last words can be deleted.

When our boss informs us that "going forward, the plan will be to cut costs and save jobs" you must ask how a plan can be anything but about the future.

But that is not the only issue with this much-maligned maxim.

It conveys that we are on a purposeful path to a brighter future by providing a sense of action, purpose and direction, which will appeal to many.

Yet "going forward" is ambiguous in relation to specific actions, timelines and accountability. You could easily substitute the words "I don't know", "I don't have a clue" or "I have not thought that far ahead".

As we move forward, let's agree to not use the term "going forward" on a go-forward basis.

A failure to do so will be a backward step.

It will also signal to an audience that, on hearing the words "going forward", they can switch off knowing full well they won't miss a thing.

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