



Let's face it, the pension's no certainty

HOW much money do you need to retire? There have been a lot of media releases flying around on this topic, and it depends on who you believe.

In the red corner we have the left-leaning Grattan Institute, which for years has been claiming the superannuation industry is running a scare campaign to get more funds under management. Just last week Grattan chief executive John Daley said: "The financial services industry 'fear factory' encourages Australians to worry unnecessarily about whether they'll have enough money in retirement."

If we believe Grattan, people can spend conservatively in retirement secure in the knowledge that the age pension will always be there at its present, generous levels.

Based on this assumption, it is calling for no further increases in compulsory employer superannuation.

In the blue corner we have the Association of Super Funds of Australia (ASFA), which has for years been doing detailed modelling on the actual costs of living in retirement.

The ASFA has even gone to the trouble of producing a separate website, called Super Guru, which contains a retirement tracker calculator that enables you to drill down and ponder what standard of living you might want or be able to achieve in retirement.

The numbers are based on

Noel Whittaker



your current superannuation balance, compulsory contributions and any voluntary contributions you might make.

Obviously, there is no simple answer here.

This is principally because how much you need depends on a wide range of factors that include how long you live, the state of your health, the rate of inflation, how much you earn on your portfolio, and the amount you choose to spend on dining out and travel.

You will have to make your own assessment of what the future holds, but I am firmly in the blue corner with the ASFA.

The whole basis of the Grattan Institute's position is the assumption that our age pension system can be maintained at its present level.

For this to be true, the level of increase in the pension would need to stay at average weekly earnings, currently about 4 per cent a year.

On that basis, in just 20 years the pension for a couple would be \$78,000 a year.

It also requires governments to speedily return the budget to surplus, and keep it in surplus so as to accommodate the growing needs of a population that is living longer.

Given that Peter Costello and Paul Keating were the last

treasurers to run budget surpluses, this is surely an optimistic assumption.

This is especially so when Australia is currently borrowing \$1 billion a month to pay its way.

Keep in mind that the concept of an age pension is now regarded by all political parties as welfare, and no longer a right.

As the years go by, eligibility for a pension has been increasingly tightened, and I believe the widening of the Pension Loans Scheme, which will take effect from July 1, is the first step in turning the pension into a concept that is similar to a HECS debt.

It would not be unreasonable as government budgets tighten in the future to hear questions like: "Why should a single person with almost \$500,000 in superannuation be entitled to welfare?"

It's your choice. Either you believe that governments will become increasingly prudent and spend less than they earn, or that they will continue to spend willy nilly and keep pushing us into debt.

I am of the second view, which is why I urge you to look ahead to retirement as early as possible and add in some extra funds, while compounding has time to work its magic in your favour.

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.

\$75,000. An agent should cost, at most, \$20,000, and you won't incur capital gains tax if you're selling within six years of first renting out your property.

Second, I wouldn't sell because you're in your 30s and you're fresh from the holiday of a lifetime. If I were you, I'd work hard, pay down my mortgage and build my net worth.

The bottom line is it's either the magic diet shake or the daily 5am run. Which will you choose?

Randy Andy

Andy says: Today I called my bank to negotiate after seeing a special home loan rate

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



\$1000 a year in a two-minute phone call. Thanks, clobber! Barefoot responds: That's totally wild.

I was speaking to a banker the other day who said his call-centre staff know when they've got a Barefooter on the line, following my script to get a better deal.

He also said that if they're a good customer they'll "more often than not get a discount".

That's not because the bank staff are kind hearted, but because they've also read the book, and they know my next step.

They know that customer, if knocked back, will move to another bank and get a better deal.

advertised on its website. I followed your script and asked for the new rate.

I was rebutted with "Sorry, that's only for new customers".

When I replied with, "Well paint me red and call me Randy", the operator laughed and said, "You've been reading Barefoot?"

Then he gave me the lower rate.

You saved me more than

WORKPLACE MATTERS

Gary Martin



the strategic significance of a happy workforce to the point they have put in place a new senior executive role — a CHO or chief happiness officer.

The benefits of a happy workplace abound. Some argue happy employees are less stressed and that lower levels of stress increase productivity.

Others argue that happy workers are less likely to jump

ship and this helps to minimise the organisation's recruitment costs. Still others believe happy employees have more energy, are more creative and are more likely to support their co-workers.

But some workplaces have mistakenly jumped to the conclusion that employee happiness is easily achieved through offering gimmicks such as free coffee, the odd team lunch or some comfortable lounge chairs.

Yes, these happiness gimmicks are appreciated. But true happiness in the workplace is linked inextricably to the culture of

the organisation. Happiness in the workplace is promoted when organisations demonstrate they value their people, assist them with work-life balance and show an interest in their ongoing career development.

And while workplace leaders and managers have a role to play in building a happy workplace, happiness at work does not just depend on an employer.

As an employee you, too, must take responsibility for your workplace happiness by taking a number of simple steps.

For example, most would

agree that happiness has a multiplying effect in the workplace.

Make sure you are in the right job where you can be a role model for others by showing that you enjoy your work.

After all, it's true to say that a happy person brings happiness to others.

And to build your own level of happiness, seek out and engage with others in the workplace who appear happy, and avoid those who complain endlessly without foundation, because their negativity will quickly rub off on you.

Consider also taking a

lonely or isolated co-worker under your wing and bringing that person into your social group at work.

Your happiness at work rarely is about the free lunch, desk massage or other gimmicks.

Workplace happiness will depend on whether you feel your work has purpose, how you believe you are treated by those around you, and how proactive you are in taking steps to enhance your happiness.

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

Productive workplace is no happy accident

TWENTY years ago you wouldn't use the words "work" and "happiness" in the same sentence. It just wasn't done, or said.

You went to work, got the job done and left.

Happiness was all about your free time — or the time you had outside the workplace.

But today, the modern organisation views employee happiness as a business imperative, based on the global recognition that when employees in the workplace are happy, business thrives.

In fact, a number of well-known and sizeable global organisations have recognised