Now comes the most profitable call you'll ever make.

Talk to your fund and ask if it has a high-growth, low-cost index super offering — preferably one that charges less than 0.85 per cent in fees, total.

Is AMP heading south?

Cliff asks: On advice from our financial adviser, my wife and I moved our super from Australian Super to AMP MyNorth Super a year ago.

We have generally been happy with the advice we have received and, like all funds, in the past year MyNorth has had its ups and down. However, with the findings of the banking royal

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commission and recent stock market volatilities affecting AMP, we think we should maybe go back to the industry fund.

Is it likely AMP could go under in future, meaning we could lose all our super?

Barefoot responds: I've had a number of people ask me the same question — whether their money is safe with AMP. Let me be clear: your money is safe. That's because the money you have in super is held via a legal trust for you. Super is strictly regulated and the trustees have a legal duty to manage the fund for the benefit of members.

But the same can't be said for the suffering AMP shareholders. The fact so many of its customers are questioning whether this 170-year-old blue-blooded company will survive is an indication of just how much the brand has been battered.

As Dr Phil says, it's hard to win back trust. Speaking of which, I'd ask your adviser to do a financial comparison between your old industry fund and your MyNorth fund since you switched.

Sound advice can ease the pension pain

Noel Whittaker

THE year is rapidly drawing to a close, which means it's highly likely you'll have completed financial statements for your self-managed super fund. If your balance is more than $1.6 million, the first thing you may notice is that your imputation credits refund is down from last year.

This is due to the change in rules made by the Turnbull government, which restricted the amount that could be held in tax-free pension mode to $1.6 million, leaving the rest of the fund's earnings to be taxed at 15 per cent.

Let's hope it is a warning to Labor that its proposal to abolish the refund of franking credits will not raise as much money as claimed.

The next thing you might discover is that the $1.6 million that was your transfer balance cap (TBC) at June 30, 2017, has now grown. It could easily be worth as much as $1.7 million if your fund earned, say, 7 per cent while you drew the mandatory pension of 4 per cent.

This situation has triggered emails asking what the trustees of the fund should do. Will the TBC now stay at $1.7 million, or will it go back to $1.6 million if the amount in pension mode drops as a result of bad performance and/or increased pension drawings in the current year?

Superannuation guru Monica Rule has good news. She tells me that your TBC is no longer relevant, provided the documentation was done properly as at June 30, 2017. As long as your fund got it all correct on that date, the fund trustees no longer have to concern themselves with the

Age	Minimum pension drawdown factors
55-64	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 or older	14%

$1.6 million TBC. Thus, there is no limit to what your super in pension mode could grow to if you had excellent returns, way in excess of the compulsory drawdowns. And there is no penalty if, for any number of reasons, the amount you hold in pension mode drops below $1.6 million.

But there is one factor that is critical. If all or part of your fund is in pension mode, you are required to draw a set percentage of the balance of the fund that was in pension mode at June 30. The factor is 4 per cent for anybody under 65 and rises progressively to 14 per cent at age 95 and above.

For example, if you are aged between 65 and 74 you should be withdrawing at least 5 per cent of the previous June balance each year. Therefore, if your balance was $1.6 million at June 30, 2017, you should have drawn $80,000 in pension for the year ended June 30, 2018. However, if your financial statements now show that your TBC has become $1.7 million, you will need to increase your drawdowns in the present year to $85,000.

This is a further example of the complexity of our superannuation system, and the dangers for people running self-managed super funds who don't get it right.

Despite the penalties, which can be heavy, I am still amazed by the number of questions I get from people who obviously don't know what they're doing.

Often, they simply don't know what they don't know. This is where expert advice is critical.

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 am single and when I turn 60 in 18 months I would like to retire. I have $1.6 million in super and $400,000 invested in quality managed funds. I think I will spend about $80,000 a year. Would it be best to use up the managed funds first before moving the super from accumulation to pension fund. The main issue, I guess, is the 4 per cent draw down.

A I suggest you move your super to pension mode, where all fund earnings will be tax-free, as will be the pension you draw. I appreciate you will need to draw $64,000 year, but you could lessen the impact by delaying the withdrawals until June each year to give your fund maximum compounding time. If the money in managed funds is in Australian shares, returns are likely about 4 per cent income and 5 per cent growth. As you should be in a zero tax bracket when you retire, all income from the managed funds held outside super will be tax-free, and any growth will not be taxed each year because it would be capital gain. You could then structure withdrawals from the managed funds so no tax would be payable on realised capital gains as you would still be in the zero tax bracket. This would give you $1.6 million in your tax-free pension fund and $400,000 in an effective tax-free environment. It doesn't get much better.

Think long and hard before you chuck it all in

WORKPLACE MATTERS Gary Martin

HAVE you been harbouring a secret fantasy about quitting your job, despite not having another?

Maybe you will go out in a blaze of glory, telling your co-workers exactly what you think of them.

Alternatively, you may just slip away quietly one afternoon in the middle of compiling an important report, leaving your co-workers in the lurch because you have left behind unfinished work.

Think again.

Both scenarios may well hurt your job prospects in the long run but, even more importantly, making the decision to leave your job without having a new one to go to could well be career suicide. That is because leaving without a new job lined up can bring with it a host of new and often unexpected challenges.

Many leave the workplace thinking they will be able to secure new employment within three months.

But experts suggest that given our current economic conditions, it may take on average six months to secure employment, unless you have "in-demand skills".

So unless you are "cashed up", you will automatically have to adjust your lifestyle to manage your new post-employment financial situation and the lack of a regular income.

And unless you are a highly resilient person, you may experience feelings of isolation and loneliness — when suddenly you have additional, or even too much time on your hands — because your friends and family are at work, leaving you to while away the hours on your own.

Perhaps even more challenging is that those responsible for hiring new staff often view those candidates who are still in employment as more attractive.

This can make securing new roles for those already out on the job hunt even more difficult.

To be fair, there are some possible advantages to leaving your job without having a new one in place.

The prospect of pursuing an "under the radar" job search while still working can be extremely onerous.

Not only will you have your own workload to deal with but, in some cases, you'll have to put yourself under tremendous pressure to complete applications on time and attend stressful interviews.

So, resigning before you have secured a new role can allow you to devote yourself entirely to the task of job hunting.

Of course, there will be some occasions when quitting before getting a new job will represent the only feasible way forward.

In situations where an employee continually feels unsafe, bullied or harassed to the point that their mental health is compromised, leaving the workplace is sometimes the only viable option.

The bottom line is, quitting your job before you have a new one secured goes against the grain of the advice that many career experts will give.

So, if you feel compelled to make this move, try to anticipate some of the challenges you might encounter — and have a plan to address and counter these.

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