

Super

Position yourself for maximum benefit

For many, superannuation is a set-and-forget investment. But unless you actively set your super investment strategy to suit your personal circumstances, you may not be making the most of this attractive investment vehicle.

You've worked hard to make money and get yourself established financially, so it goes without saying that any investments you make would be carefully considered. This consideration process usually involves researching the types of investments available, the level of risk involved and the investment timeframe.

But do you pay this much consideration to your investments within superannuation? Unless you're getting close to retirement, superannuation can often be a low priority. With many super funds allowing flexibility in their investment portfolios, it's worthwhile ensuring the portfolio you are invested in suits your needs. It can make a big difference in the long term if you balance your risk tolerance against potential investment returns.

Obviously your life stage, financial and lifestyle goals play a part here. Someone who is 30 and potentially has another 30 years in the workforce has a long investment timeframe, so may be willing to accept a higher level of risk and thus achieve

a higher return over this period by investing in an aggressive or growth portfolio.

Someone aged in their early fifties with a large super balance may be interested in protecting their capital, rather than achieving high growth, and thus invest in a more conservative portfolio. Alternatively, if that same person had a smaller super balance and had a shorter investment timeframe, they may make the choice to take on more risk in order to achieve the potential returns needed to satisfy their requirements in retirement.

Positioning yourself for opportunities

A number of super fund members have taken evasive action during the global financial crisis and changed their portfolios to cash or conservative investment options. Depending on their circumstances, many of these people could have missed out on any gains experienced over the past few months and into the future.

For those who sat tight and left their superannuation alone during the global financial crisis, the slight recovery and positive returns are the reward for being patient, sticking with their strategy and not reacting emotionally to falls in investment markets.

While the global financial crisis drove the average super fund in Australia down by around 27 per cent, research by Chant West has shown that the average super fund has grown by more than 18 per cent during the past seven months. So while there is a little way to go before returns are on par with pre-GFC levels, there are promising signs.

The point is that, in light of the slight recovery in investment markets and positive signs in the economic outlook, it's important that you are well positioned to take advantage of and maximise any opportunities that are available.

Super is a generally a long term investment and with the flexibility that is available, it's worth taking the time to make sure that your super strategy is the best one for you.