Industry and Retail Super VERSUS SMSF

People have to wait until they are 65 or 67 tax free at 60 if not working full time

And that age will most likely rise over time if you sign up under current laws govt can not change the rules for you

1 person often misses the boat while saving up Up to 6 people can combine their funds so they can start investing straight away rather than trying to save a deposit while property prices keep booming along and not miss out

Your super funds can halve in value overnight property prices historically double every 7.2 years and some areas even faster. Remember the GFC

Your super funds typically sit in sharemarket nobody ever said “as safe as shares” ….

Historical average returns for super funds 7.1% SMSF returns around 40% due to leverage

Warren Buffett averages around 23% So most houses in Australia are better investors than the world’s richest man

You lose around 1% or more of your balance on fees Fees are typically fixed and with larger balances the % you pay in fees is much less

You pay huge fees even when you lose money The financial planner who looks after your SMSF has to consult with you each year to fine tune and maximise your returns

Your funds mgr does not care when you lose money it is illegal for you to lose money in SMSF

Your fund mgrs have never discussed your goals Your financial planner works on your goals

For every $100k you have in super you might buy $300k+ worth of property

Average return per year if you are lucky $10k / 100k if property doubles in value every 10 years, worst case scenario, then you are expected to make around $30k per year averaged out. Some years there might be no growth, some years it might go backwards and then other years it might go up $100k+. On top of capital growth you are also getting cash flow of around $300/w in rent which will be all yours once the property is paid off in 10 years or so for the average investor. So the total returns might be around $45k per year for every $100k tied up. Hence 40%+ ROI, twice as much as warren buffet and 500% better than your current super fund

In around 10 years time you might have turned $100k of today’s money into $300k of today’s money and $15k of cash flow thanks to your Super Guarantee Contribution (SGC) which is going directly off the loan so you get it all back when you sell the property because it has not disappeared in fees or been slashed in value when your shares drop in value, and the rent from the tenant you would otherwise never get. Even if you did not use your SGC to pay off the mortgage the tenant’s rent should pay off the loan in around 25 years.

If you invested with other people when that property is paid off you might all go your separate ways by selling the property and rolling the funds into each person’s fund, otherwise you can continue as a team

Only politicians super will be enough If you are going to work another 10 years or more then many people would sell the first property and use the funds to buy 3 or 4 replacement properties and run the process for another 10 or so years. Increasing rents and SGC mean those 3 or 4 properties might be paid off completely in another 10 years so you might have turned $100k of today’s money into $1.2m of today’s money plus $45k+ per year clear in rent / cash flow over a 20 year period = no contest.

Thanks to starting with 3x as much asset working for you and compounding interest your retirement can be astronomically better leveraging into property at no cost

you need to start now as prices are not coming down in any good areas

Obviously this is not financial advice A licensed financial planner will come and see you to explain the technicalities, pros and cons, costs, management of the buffer / liquid funds and how to get it setup

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