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For those approaching 30..., or 40..., or 50...

Retirement saving and superannuation are now presenting ordinary Australian wage earners with some of their most complex planning dilemmas. Most realise that the automatic availability of a Government-funded pension may be a thing of the past. But despite a vague awareness of the need to prepare for retirement very few employees have well thought-out strategies in place. My *Picket Line* column of July 1994 discussed some of the glaring contradictions in current employee attitudes to superannuation: including, for example, the Bureau of Statistics survey finding that while almost half of contributors over 45 expect superannuation to provide their main source of retirement income, more than half of all contributors pay less than 5% of salary to superannuation.

For many employees struggling with the bewildering regularity of major changes to superannuation law help may be at hand with publication of Daryl Dixon's *New super strategies*, [The Business Library, ISBN 1 86350 190 8], a plain English guide to superannuation for employees, employers and the self-employed. The book is easy to read, specific, and a mine of com-

prehensive information on how the system can be applied to best fit the needs of individuals.

The emperor has no clothes

Author Daryl Dixon is one of Australia's best-known commentators and writers on a range of finance matters. As a former head of the federal government's Social Welfare Policy Secretariat he is particularly well-equipped to comment on taxation, superannuation and retirement incomes policy. Several of his previous books have been best-sellers. Dixon clearly brings strong technical expertise to a complex subject. But equally valuable for readers is a concise style, an obvious empathy with the problems of wage earners and a healthy and attractive streak of iconoclasm.

When analysing current policies, Dixon is the sort of commentator who is likely not only to recognise the emperor's lack of clothing, but also to point out his nakedness to all in attendance. And the fact that he has no connection with particular superannuation products makes him very much an exception as a commentator on the subject.

This latest book eschews some of the simplistic assessment of superan-

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uation currently seen on the financial pages of the major newspapers. As a wealth-generating vehicle, superannuation is presented as neither intrinsically good nor bad. Dixon's central proposition is that while for some employees (such as high income, debt-free, older people) it can be a superb investment option, for younger workers superannuation represents poor value when compared to the clearing of debt and paying off the mortgage on a home.

What to avoid (like the plague)

Where superannuation is a viable option, says Dixon, the extent to which it will achieve the objective of sound retirement living standards is crucially dependent on the conditions applying to both the scheme chosen and the way in which contributions are made. By far the best strategy is a highly tax-effective arrangement where all contributions are made by the employer on a salary sacrifice basis. And employees should avoid like the plague superannuation schemes involving high commission payments to sales agents. As Dixon points out trenchantly, somebody has to pay these commissions and it is almost always the consumer. Employees are strongly advised to concentrate on schemes with no or low entry fees and management fees of no more than 1.5% per year.

New super strategies is welcome as a rare independent and informed analysis of the complexities of superannuation as it currently applies to the Australian workforce. Given that the topic will be of increasingly vital importance to all workers as Australia's population ages, the book provides a valuable resource for those seeking sound strategies to ensure independence and peace of mind in their retirement years. ■

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