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Investors warned off making extra super contributions

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Anyone under 50 should invest the absolute minimum amount into their superannuation fund, according to well-known stock-picker Roger Montgomery.

The fund manager's advice flies in the face of consensus thinking which says investors should take advantage of the favourable tax conditions offered through super by topping up as much as they can reasonably afford through salary sacrifice.

Concessional contributions are taxed at 15% instead of person's usual income tax rate. According to the calculator on the government's MoneySmart website, a person earning \$60,000 contributing an extra \$150 a fortnight into their super would see their pension pot boosted by \$5,023 while their annual take-home pay would dip only \$3,900. That equates to a saving of \$1,123 in tax.

However, Montgomery, who heads up two share portfolios as well as running online stock market research tool, Scaffold, said that the tax regime is far from certain and locking money in until you are 65 exposes you to the whims of the government and decreases spending power during working life.

"As the aggregate amount invested gets bigger, and as baby boomers get older, the temptation to tap into the giant pool simply becomes too great for the government to resist," said Montgomery, who has only ever invested the minimum into his own superannuation fund.

"What I am not saying is that you shouldn't invest. You must invest, irrespective of your age. What I am questioning is the wisdom of investing through a structure that may not be as tax effective, nor may your funds be as accessible, in the future as it appears today,"

"Ignore the calls to save tax and boost your super, you will be soon contributing 12% of your salary anyway. This is not advice but a challenge to others, much more qualified than I, to dispute it and explain why I am totally wrong," Montgomery said.

The government has recently announced plans to establish a Council of Superannuation Guardians. The council is aimed at depoliticising super and ensuring the system's sustainability and adequacy into the future.

However, Montgomery remains unconvinced that this new body will keep super investors safe from changes in policy.

"The goalposts will move. It's as certain as gravity," he said. "I'd be surprised if there was ever a three-year period without some change to superannuation policy."