SUPER BLOOPER

Avoid these 10 common super fund mistakes, says financial planner James Walker-Powell

1 Telling your kids how much you've got in there or using your super to bail out your children financially. It's not a long-term solution, it is prolonging the problem.

2 Not taking responsibility for retirement income and thinking that the Super Guarantee Charge (SGC) component will do the job. People also mistakenly think the aged pension will be enough to cover their expenses.

3 Many women make the mistake of leaving the retirement planning to their husband or partner. Everyone needs to take responsibility for their own future.

4 There is an assumption that if you invest in your house, you can sell it and use the proceeds of the downsizing to retire. The main mistake here is that people don't want to move away from their community or their family, and they can't afford what they want in the area.

> Would you rely on the internet to prescribe and diagnose a health issue?

5 Relying on the internet and media to compensate for professional financial planning. Would you rely on the internet to prescribe and diagnose a health issue?

6 Panic when the market is in a downturn.

7 Not understanding there are no free kicks. High returns equal greater risk, which means the greater the volatility you have to endure (and be comfortable with). That may even mean lost capital, such as in cases like the Storm Financial crisis.

8 Thinking a balanced portfolio is actually "balanced". Many "balanced" portfolios are actually weighted more heavily with a lot of different Australian shares and perhaps international shares. When the stockmarket falls, so will the "balanced" portfolio. Asset allocation is key. Make sure you know what you've got and be comfortable with it.

9 Insurance premiums within superannuation are expensive for over 50s, and that eats away at returns. Ask yourself whether you need it, and whether you should pay for it yourself. Have enough assets to cover the estate if you were to die. Start paying for insurance outside of super.

10 Many people have aspirations now and in their retirement but refuse to compromise on today's lifestyle to fund tomorrow's living standards. If you had a crystal ball to foresee your demise, it would be much easier to plan — but nobody has that, so we need to be prudent.

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