

People Need to Realise That Superannuation Will Not be Enough for Retirement

All these promises about a golden retirement on the back of your current superannuation are lies. A fraud. It will never happen. A 9.5 per cent superannuation contribution will never get you there.

Author of the book *Avoid the Poverty Trap* and Chartered Accountant, Wayne Wanders said most Australians are on the treadmill to work hard all their life, just to retire poor. Heading straight for what Mr Wanders calls the Poverty Trap.

Mr Wanders said the reason is fairly simple, a 9.5 per cent contributions level will never be enough! And I can show you why just be using some drinking glasses.

“Let’s take a glass of water as an example of your annual income and superannuation” he said.

“As we know most people set aside only the compulsory superannuation as their savings. So if you are like most people, you are drinking over 90 per cent of the water in their glass every year. Putting this another way you are spending over 90 per cent of what you earn, leaving just a small amount for your future.”

“Now don’t forget that the government taxes 15 per cent of your super contributions, – so after tax you are only putting aside for your future a bit over eight per cent per year.

“Now let’s say you started this at 20 and did this for 45 years. What do you have? About three and half glasses of water.”

“Now with luck, the returns of your superannuation fund were better than inflation – big assumption I know! Let’s say your superannuation fund returned two per cent above inflation each year. This would turn these three and a half glasses of water into just under six full glasses when you want to stop working.”

So how long would these six glasses last?

Mr Wanders said about seven to eight years.

“Why? When you were working you consumed about 90 per cent of your water each year. Now you have stopped working you may be able to spend less, maybe your house is paid off by now, so you may only need to spend about 80 per cent of a glass of water in each year. So after seven to eight years, no glasses left. Your superannuation finished. Is this a golden retirement?”

Mr Wanders said I don’t know about you but I plan to live longer than seven or years after I stop working and I don’t want to do this barely surviving on the pension.

“And this seven or eight years implies that you had six full glasses!” said Mr Wanders.

“What if you are a woman who took time off to raise the children? Those six glasses now turns to about four. And women live longer – so less money to last longer – good luck with that if you are a women!”

Mr Wanders said people need to realise that superannuation at 9.5 per cent contribution will not be enough for retirement. .

Mr Wanders said that if the policy makers won’t make a change, people need to follow some simple strategies so you can supplement your superannuation and have a better retirement.

- Accept **responsibility** for your own future and start to take action now.
- Add more value and solve bigger problems to **earn more money**.
- Pay yourself first so you can **beat Lifestyle Inflation** and spend less than you earn.
- Snowball your debt repayments to **eliminate bad debt** as quick as you can.
- Learn how to stop your thoughts and behaviours **Self Sabotaging** your goals.

Mr Wanders said people who followed these strategies are more likely to have the retirement lifestyle they wanted, rather than facing a future of not having enough money to pay the bills.

About Wayne Wanders

Wayne Wanders, is a chartered accountant for nearly 30 years. He has been the chief financial officer and company secretary of two ASX listed companies. Mr Wanders has spent considerable time reviewing the projected retirement incomes of hundreds of Australian families and devising strategies help these families achieve their retirement goals.

It was this that made Mr Wanders realise that the retirement system in Australia is broken. The reality is that most Australians are on the treadmill to work hard and retire poor, heading straight for what Mr Wanders calls the Poverty Trap.

So, Mr Wanders wrote the book *Avoid the Poverty Trap* to help hard working Australians can avoid the Poverty Trap and have the life they want, and more importantly, deserve.

More information about Mr Wanders’ book is available on www.avoidthepovertytrap.com.au.

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High res images and interviews available on request

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