Story Susan Hely

When you're 55

Strategies to capitalise on new super rules that kick off on July 1 have taken over from real estate as preferred dinner table talk – here's what you should do when you're 55

MANY AUSTRALIANS would still like to retire when they are 55, largely because 55 is the "preservation" age when they can access their superannuation. But the new super rules have put pressure on Australians to leave their super alone until they are at least 60, because then they can access their superannuation savings tax free.

If you are 55 there are important superannuation strategies to put in place. They are designed to take advantage of the lower superannuation taxes and boost your super savings, says Sam Henderson, principal and senior financial adviser at Henderson Maxwell.

They involve salary sacrifice, transition to retirement allocation pensions (TRAPs) and, if you or your spouse earns less than $58,000, the superannuation co-contribution.

Superannuation is one of the best ways to accumulate wealth because it is one of the few favourably taxed investments. No other investment has a tax rate on earnings as low as 15%, and this means your money can grow faster than investments taxed at a higher rate.

Salary sacrifice

Salary sacrifice is a clever strategy to put more into your superannuation by sacrificing your pre-tax salary into your super fund. This means that instead of paying your marginal tax rate on your salary – which can be as high as 45% – your additional superannuation contributions are taxed at only 15%.

You could also pay less income tax because you reduce your gross taxable income. If you are earning $100,000 each year and you salary sacrifice $25,000, you will move from being taxed at 40% to being taxed at 30% on the $75,000 you earn. This is in addition to saving $10,000 a year in tax and building up your super.

The federal government has ended the reasonable benefit limit, so you don't have to worry about how much you will have in your super fund. In fact the more you have the better because when you turn 60 you will pay no tax on the money coming out of the fund.

But there are limits on contribution levels for the over-50s. After July 1 you can place a maximum tax-deductible amount of $100,000 each year into your superannuation until 2012. After that the level drops to $50,000

GETTY IMAGES