



Financial Insight

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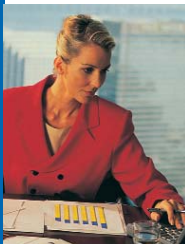
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Welcome to the Spring Edition of Financial Insight

Financial Insight is a valuable resource that has been brought to you by your Financial Services Adviser to provide you with an insight into financial services, saving, investment, wealth creation and lifestyle protection.

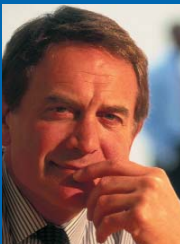
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Women Face Retirement Shortfall

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[Find out more](#)



Superannuation Choice – A Handy Guide for Employees

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[Find out more](#)



The Soaring Costs of Cardiovascular Disease

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[Find out more](#)



Heart Disease Facts

Cardiovascular disease (CVD) is the term used for heart, stroke and blood vessel diseases.

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Financial Insight is a valuable resource that has been brought to you by your Financial Services Adviser to provide you with an insight into financial services, saving, investment, wealth creation and lifestyle protection.

Many Australians are still not aware that when they retire, they can expect to live up to another 30 or 40 years. This makes the need to implement long term retirement planning, saving, investing and income protection strategies very important. After all, your future comfort, well-being, life style and peace of mind will depend on how well you plan for it today.

Regardless of how many years you are away from retirement, sound advice from your professional Financial Adviser is crucial in the implementation of a personalised wealth creation and protection strategy that will ensure you get the most out of life after you cease working.

Women Face Retirement Shortfall

Women's superannuation savings still pale in comparison to men's according to ASFA, the Association of Superannuation Funds Australia. This is a trend that is set to continue with women predicted to achieve only a fraction of men's superannuation balances by 2019.

Analysis reveals that although the superannuation gender gap is gradually narrowing over time, women are expected to experience a severe superannuation shortfall of approximately 75%.²

By 2019 the average super entitlement for women is projected to top \$77,000, up from \$27,400 in June 2000.¹

But despite these improvements, women are still overwhelmingly failing to reach the \$300,000 mark required to fund a comfortable retirement.²

Although the next 15 years will see Australian women gradually improve their savings, many women are still at a serious disadvantage.

Women's circumstances are very different, particularly around employment patterns. Three times the number of women work on a part-time or casual basis and they are typically concentrated in lower paid positions such as clerks, cleaners, cashiers and sales assistants.

With men working 20 years more in the full time workforce on average, they have a huge advantage as compulsory superannuation contributions are generally based on a salary percentage.

Similarly despite one third of small businesses being owned by women, approximately four in five do not contribute to superannuation.⁴

The issue is further highlighted by women's longer life expectancy (82 years vs. 77 years for men), high divorce rates (one in three marriages), ensuing single parenthood, the fact that one in four women will never marry, and the average length of widowhood lasts 15 years.⁴

The stark reality is that many women are at a serious disadvantage when it comes to achieving financial parity with men and 80 per cent of women will spend at least a decade on their own either by choice or circumstance.²

Many, if not most women will be in charge of their finances at some stage of their lives and one of the most important steps towards financial independence is to talk with a Financial Adviser.

Investment fundamentals are the same for men and women; however, there are unique obstacles on the road to women's financial independence. A consultation with a Financial Adviser can assist women to tailor a strategy to help them reach their financial goals.

(Extracted from BT media release issued March 5, 2004)

- 1. ASFA Women and Super Fact Sheet
- 2. BT
- 3. ABS/ASFA
- 4. ABS

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Superannuation Choice – A Handy Guide for Employees

What “Super Choice” means for you

From 1 July 2005 you may have the right to choose the superannuation fund to receive all, or part of your 9% superannuation guarantee (SG) contribution.

It only applies to SG contributions going forward from 1 July 2005. It doesn't apply to salary sacrifice payments, voluntary employer contributions or to previous SG payments. However, by negotiation with your employer,

you could request that your employer pay all such payments to your chosen fund (although they are not legally required to do so).

Are you free to choose?

“Super Choice” does not apply to everyone but is expected to cover about 5.7 million¹, mostly private sector employees.

Choice is available to you if you are under a federal award, are a non-award employee or have entered into an Australian workplace agreement, or are under an award or certified agreement that has no superannuation provisions.

You may be excluded from “Super Choice” if you are under:

- a state industrial award
- the CSS (Commonwealth Superannuation Scheme), PSS (Public Sector Scheme) or an unfunded public sector scheme
- certain arrangements for defined benefit funds or
- an Australian workplace agreement or a certified agreement under the Workplace Relations Act 1996 or the Industrial Relations Act 1988.

Which funds can you choose?

It must be a complying superannuation fund or Retirement Savings Account (RSA). The fund must be able to accept the contributions from the employer.

The range of funds include:

- retail personal superannuation funds
- corporate master trusts
- self managed superannuation funds (SMSF)
- small APRA funds
- industry funds
- superannuation wraps or master trusts.

What needs to be done?

Your employer will be responsible for providing a standard choice form to you. If you were employed by your current employer on 1 July 2005 they must give you a standard choice form by 28 July 2005. If you are employed after 1 July 2005, your employer must give you a standard choice form within 28 days of starting employment.

The standard choice form will allow you to nominate a fund of your choice for SG contributions. For the nomination to be valid it must be a superannuation fund or RSA that is complying. In addition, you will need to give details of the fund such as contact details, complying status and payment options.

Currently, there is no specified time frame for you to return the standard choice form to your employer.

You should make your decision carefully as you can only change your choice once every 12 months.

You don't have to choose

Where you decide not to choose a fund, your employer can pick one for you as the default fund provided it complies with the requirement to offer life insurance.

Planning ahead?

Think about all the issues. It may be advantageous to seek expert and independent advice. Super is your money so protect it and make it work hard for you.

¹. ASFA Media Release “Choice of Fund – Where the Super Money and Members will move” released 2 February 2005.

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The Soaring Costs of Cardiovascular Disease

One out of four Australians will suffer cardiovascular disease (CVD) by 2051 even though the World Health Organization (WHO) states that much of the burden of CVD is preventable.

The 50% rise in CVD is one of the key findings from a report released recently by the National Heart Foundation of Australia. The report, titled *The Shifting Burden of Cardiovascular Disease*, identifies CVD as the most costly condition in terms of quantity and quality of life with the burden shifting from people dying to people living with disability from this serious disease.

As a condition which costs Australians more than 600,000 years of healthy life each year – substantially more than any other National Health Priority area – CVD is already Australia's largest health cost item at \$14.2 billion or 1.7% of GDP.

This is a particularly daunting prospect for Australia's economy as this coupled with the ageing population explosion means government aggregate health expenditure as a proportion of GDP is projected to almost double in 40 years.

The burden of CVD has the potential to affect the productivity of the Australian economy through both direct health system costs estimated at \$7.6 billion or 11% of total health spending in 2004 and indirect costs which are conservatively estimated at \$6.6 billion.

Currently, more than 55,000 Australians are not in the workforce due to CVD and production losses due to lower employment rates and premature death are \$3.6 billion.

If left unchecked, this could force down the retirement age and decrease the number of older Australians active in our workforce.

Dwarfing the financial costs are the costs of suffering and premature death from CVD, which were valued at a massive \$94 billion in 2004.

However, while deaths from CVD (still the leading cause of death in Australia) are decreasing in the short term, the number of people living with CVD is enormous and increasing as people survive acute events and live with chronic disabling illness.

CVD has not gone away and this report shows it impacts two out of three Australian families. Of the 50,292 people who died in 2004, 60% had not reached average life expectancy.

At present one Australian dies every 10 minutes from CVD.

If we become complacent about this disease, the quality of life of future generations of Australians will suffer even further.

CVD currently affects the quality of life of one in six Australians (more than 3.2 million people), which will increase to one in four by mid-century.

On ageing trends alone, the number of Australians suffering from cardiovascular disease is predicted to double in the next 45 years to 6.4 million.

This figure does not even take into account the growing number of people with diabetes, inactive lifestyles, who are overweight and obese or with other risk factors.

Over the remainder of the decade, the greatest forecast growth in costs is among the very elderly (aged more than 85 years) with the burden of heart failure expected to increase.

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Heart Disease Facts

Cardiovascular disease (CVD) is the term used for heart, stroke and blood vessel diseases.

CVD is the leading cause of death in Australia, accounting for 38% of all deaths in 2002; claiming the lives of more than one in three Australians.

CVD is Australia's largest health problem. Despite improvements over the last few decades, the health and economic burden of CVD exceeds that of any other disease.

Coronary heart disease is the greatest single cause of death among Australians and stroke is the second largest.

Heart, Stroke and Vascular Diseases – Australian Facts 2004 Highlights

- Heart, stroke and vascular diseases kill more Australians than any other disease group – 50,294 deaths (37.6% of all deaths) in 2002.
- Heart, stroke and vascular diseases affect around 3.67 million Australians.
- 1.10 million Australians are disabled long-term by heart, stroke and vascular diseases.
- The prevalence of heart, stroke and vascular conditions increased by 18.2% over the last decade.
- The total burden of heart, stroke and vascular diseases is expected to increase over the coming decades due to the growing number of elderly Australians, among whom these diseases are most common.

Coronary heart disease and stroke are Australia's first and second biggest killers – not surprising given that:

- 90% of Australian adults have at least one modifiable risk factor for heart, stroke and vascular diseases and 25% have three or more risk factors.

- The proportion of Australian adults with risk factors is high:
 - 60% are overweight – 7.42 million adults
 - 54% are not sufficiently active to achieve health benefits – 7.27 million adults
 - 51% have high blood cholesterol – 6.40 million adults
 - 30% have high blood pressure – 3.69 million adults
 - 20% smoke daily – 3.06 million adults
 - 10% drink at levels considered harmful to their health – 1.54 million adults
 - 8% have diabetes – 945,600 adults.
- Some risk factors continue to show unfavourable trends:
 - the prevalence of obesity has doubled over the last 20 years
 - the prevalence of diabetes has doubled over the last 20 years
 - the prevalence of people doing insufficient physical activity for health benefits increased by 10% between 1997 and 2000
 - the prevalence of high blood cholesterol has not fallen over the last 20 years.

However, death rates from heart, stroke and vascular diseases are falling, coinciding with:

- A 21% and 16% fall in smoking rates for males and females over the last decade.
- A 50% fall in the prevalence of high blood pressure since the 1980s.
- A 25% fall in the incidence of coronary events over the last decade.
- Falls in coronary heart disease deaths in hospital, suggesting better survival of those with the disease.
- Rapid increases between 1997 and 2000 in the community use of prescription drugs to lower blood pressure, drugs to lower blood cholesterol and antiplatelet drugs.

Summary highlights from: Australian Institute of Health and Welfare (AIHW) 2004. Heart, stroke and vascular diseases – Australian facts 2004. AIHW Cat. No. CVD 27. Canberra: AIHW and National Heart Foundation of Australia (Cardiovascular Disease Series No. 22). The full report and highlights paper can be accessed at www.heartfoundation.com.au