

The part-time job solution

Paul Clitheroe

The latest employment figures show that part-time jobs have replaced many full-time positions. The trend to part-time work is continuing to grow and it's something more of us may embrace as we get older.

In 1978, just 18 per cent of the labour force was in part-time work. Today, almost 30 per cent of us work part-time.

The growth in part-time employment provides a regular income and flexible job hours for working mothers, students and job retirees among others.

But there are drawbacks. Among them is the need to manage superannuation that may be spread across different funds, especially if you have several part-time jobs over your working life.

Federal Treasury figures show 68 million paid-up super accounts in Australia — a figure that increased by more than five per cent last year alone.

Many of the unclaimed accounts are believed to be left behind by casual or part-timers.

Most of us can now choose our own super fund, so it's worth giving your employer the details of your nominated fund and sticking with it if you change jobs.

Part-time workers will increasingly be older Australians.

According to research by Mercer, by 2012 the number of workers aged 55-plus will have increased by 14 per cent while that of workers aged 25 to 34 will have risen by only five per cent.

Plenty of these pre-retirees won't want to work full-time, but this doesn't mean holding up their work boots overnight as previous generations did.

Some will work part-time out of financial necessity, particularly as the share-market downturn has forced them to rebuild their battered nest eggs.

However, money is only one reason for continuing to work.

There's also the social interaction and sense of worth that many people crave.

Part-time employment may provide the right balance between work and leisure. Those fortunate to have enough money may see part-time voluntary work



Time out: The trick is to find a balance between work and leisure

as rewarding. If you do continue in the workforce past the date you become eligible for the pension, then you may be entitled to the age pension bonus.

You'll need to register with Centrelink and then work a minimum of 96 hours for at least one year (that's around 18 hours a week), but it's not a bad deal.

After the first year, an immediate bonus could expect to receive around \$1074, rising to as much as \$3334 after five years.

Can Centrelink (13 23 23) or www.centrelink.gov.au be helpful.

Even if you're not eligible for the age pension, it may be possible to live off a part-time wage with a transition-to-retirement pension, which lets older workers dip into their super from age 55.

While you can't access the money as a lump sum, it provides an income supplement as well as a chance to give your nest egg a last-minute boost by salary sacrificing large chunks of your wage into super.

There are pitfalls, however, including running the risk of exhausting funds that are supposed to last several decades.

So it's a good idea to get some financial advice to see if this strategy is right for you.

As a starting point, check the fine print of your employment contract before signing up for a transition-to-retirement pension.

PAUL'S RULES

1. The rise in part-time jobs is a growing trend across the developed world
2. Many part-time workers leave super accounts behind. Provide your employer with the details of your nominated fund and stick with it
3. Seniors who work beyond the age they become entitled to the Age Pension may be eligible for the Pension Bonus
4. Transition to retirement pensions (TRAPs) let seniors dip into super while winding down their working hours
5. There are pitfalls with TRAPs, which could impact your employer's super contributions or exhaust your nest egg prematurely

Paul Clitheroe is a founding director of financial planning firm Isaac, chairman of the Federal Government's Financial Literacy Foundation and chief commentator for Money Magazine.

First-time buyers confused by loans

Most first-home buyers do not understand the loan they are signing up to, according to a survey conducted by helpmechoose.com.au, the online comparison site.

In a survey of 3000 first-home buyers, 74 per cent didn't know whether they were committing to a 25 or 30 year term. Even more worryingly high 15 per cent did not know the difference between a fixed rate and a variable rate mortgage.

In addition, 15 per cent did not know the difference between the various types of home loan repayment schemes — ie, principal and interest versus interest only — while 30 per cent did not know the meaning of offset loans or redraw facilities.

"While those refinancing their homes had a greater understanding of terminology and conditions than first-home buyers, more than half remained confused," a spokesman for the site said.

"Fifty-three per cent of those intending to refinance lacked understanding of the benefits and drawbacks of different home loan products on the market."

The company's CEO, Nick Dalla Riva, said that the onus is squarely on banks and other lenders to improve their practices.

"Our survey is sending a clear message to financial institutions that borrowers need greater clarity and insight. After all, they are entering into a partnership that can last more than a quarter of a century," he said.

"It is not something that any borrower should do lightly."

He also said mortgage brokers too have an important role to play in educating borrowers and helping them to choose the loan that is right for them.

More information can be



Survey: Nick Dalla Riva

found at www.helpmechoose.com.au

Lowest rate yet

BANKWEST has launched a market-leading fixed rate home loan at 5.99 per cent for two years.

The latest loan beats its nearest rival by 60 basis points and is the lowest two-year fixed rate the market has seen from a major bank since September, 2003.

A gentle approach

INVESTORS are being urged to drip-feed money into the stock market to make the most of the historic volatility affecting share markets around the world.

In these conditions, a technique known as dollar-cost averaging can work particularly well. It involves monthly or even weekly saving, drip-feeding your money into the market, often buying when the market has dipped and therefore buying more shares or units for your money.

Experts are cautioning against throwing a lump sum into the market at the moment if you have anything less than a two or three year time horizon.

Craig James of CommSec said: "There is fantastic value in the market today, but nobody wants to buy."

"Drip-feeding money into the market can help take the fear of investing all of your money at once."

Australians obsessed by shrinking super



Fragile: We're afraid our nest egg is cracking

By NICK GARDNER

THE global financial crisis has shaken Australians' confidence in their superannuation nest egg.

A survey conducted this week found 84 per cent of Australians with super are now concerned they will not have enough money to see them comfortably through retirement.

Young people and Australians living in regional areas were particularly pessimistic about that state of their superannuation.

Only 37 per cent in the 25-34 age range and 33 per cent in the 35-44 age range were confident they would have enough money to retire comfortably, compared to 41 per cent in the 45-54 age group and 36 per cent

in the 65-74 age group. While almost 40 per cent of city dwellers were confident of a comfortable retirement, only 34 per cent of people living in regional Australia felt that way.

The survey, conducted by AXA Australia, found 70 per cent of people believed their super had declined in the last 12 months.

More than a quarter said their super had fallen by less than 10 per cent, around 15 per cent believed it had fallen by between 10 and 20 per cent, while a further 14 per cent believe it has declined in value by more than 20 per cent.

Of those interviewed, 10 per cent believed that their super had experienced no decline in the previous 12 months, while 11 per

cent were unsure about the current value of their superannuation.

Men were significantly more likely to believe that they had experienced a loss, with three-quarters saying so, compared to 65 per cent of females.

The survey also found widespread ignorance about super.

Only 60 per cent of respondents knew the type of fund their superannuation was invested in.

Females (54 per cent) were less likely to know the type of fund their superannuation was invested in than males (66 per cent).

The nationwide survey of 600 people (aged almost 80 per cent of adult Australians) had a super fund with about 90 per cent of males

and 80 per cent of females holding a savings nest egg.

It found more than half of households (56 per cent) would be willing to pay the projected fee, compared to 46 per cent among those superannuation balances in the future.

White-collar workers (60 per cent) were significantly more likely to be willing to pay for the guarantee than those in blue collar occupations (50 per cent).

Only half of households earning under \$30,000 a year were willing to pay the projected fee, compared to 80 per cent among those households earning between \$30,000 and \$40,000, with 57 per cent of those earning above \$70,000 saying they were willing to pay the fee for protection.