



PRACTICAL FINANCE:

PAY MORTGAGE OR SUPER? SETTING UP KID'S ACCOUNTS.

Disclaimer:

The information provided on this presentation is general in nature and does not constitute personal financial advice. The information has been prepared without taking into account your personal objectives, financial situation or needs. Because of this, you should consider the appropriateness of the information for your own objectives, financial situation and needs before acting on it. Also, before you decide to invest in a financial product arranged by a representative of Nucleus Wealth Management Pty Ltd, ABN 54 614 386 266, corporate authorised representative of Nucleus Advice Pty Ltd AFSL 515796 (Nucleus Wealth or we or us), it is important that you read and consider the Product Disclosure Statement relating to the product before making any decision about whether to invest in it. Your Nucleus Wealth adviser can help you with this decision if you would like them to do so.

Extra super contributions or mortgage payments: Which is better?

- Should you put an extra \$10,000 of your income into super rather than your mortgage?
- Should you put an extra \$10,000 of your savings into super rather than your mortgage?
- Say you have \$10,000 in shares with \$5,000 of capital gains embedded. Can you transfer that into super to reduce your capital gains?
- Say you don't have a mortgage. Should you put \$10,000 into investments in your own name or in superannuation?

Extra super contributions or mortgage payments: Which is better?

How much you save putting \$10,000 into superannuation
vs paying off a 6% mortgage over 10 years

Pretax Return per annum	Your Income <u>before</u> the contribution					
	\$20,000	\$40,000	\$80,000	\$150,000	\$200,000+	
3%	-\$6,975	-\$4,109	-\$1,244	\$10	\$1,442	
4%	-\$6,034	-\$3,168	-\$303	\$951	\$2,383	
5%	-\$5,182	-\$2,316	\$549	\$1,803	\$3,235	
6%	-\$4,253	-\$1,388	\$1,477	\$2,731	\$4,164	
7%	-\$3,243	-\$377	\$2,488	\$3,741	\$5,174	
8%	-\$2,144	\$721	\$3,587	\$4,840	\$6,273	
9%	-\$950	\$1,916	\$4,781	\$6,035	\$7,467	
10%	\$347	\$3,213	\$6,078	\$7,332	\$8,764	

Savings vary by investment return and income.

At \$80k salary and a 6% return in super you are \$1,477 better off in superannuation (if you can).

* Some assumptions! I'm assuming the average tax rate in superannuation is 15% on the first 4% of earnings and then 4% on anything above that. The real tax rate 15% on income or short term capital gains + 7.5% on capital gains held longer than a year + 0% on capital gains in pension phase. Plus there is a benefit from compounding unrealised gains. I think this is a good estimate, but the reality could be very different. This is general advice and illustrative only. Your personal tax situation will be different.

Source: Nucleus Wealth

Investing in your name or in superannuation?

How much you save contributing an extra \$10,000 of savings to superannuation vs investing over 10 years

Pretax Return per annum	Your Annual Income				
	\$10,000	\$40,000	\$80,000	\$150,000	\$200,000+
3%	-\$576	\$38	\$626	\$875	\$1,155
4%	-\$832	\$54	\$892	\$1,244	\$1,636
5%	-\$1,316	\$65	\$1,000	\$1,385	\$1,814
6%	-\$1,844	\$142	\$1,125	\$1,548	\$2,021
7%	-\$2,418	\$231	\$1,271	\$1,738	\$2,259
8%	-\$3,043	\$333	\$1,439	\$1,956	\$2,533
9%	-\$3,722	\$452	\$1,632	\$2,205	\$2,846
10%	-\$4,460	\$587	\$1,852	\$2,489	\$3,202

* Some assumptions! I'm assuming the average tax rate in superannuation is 15% on the first 4% of earnings and then 4% on anything above that. The real tax rate 15% on income or short term capital gains + 7.5% on capital gains held longer than a year + 0% on capital gains in pension phase. Plus there is a benefit from compounding unrealised gains. I think this is a good estimate, but the reality could be very different. Outside of super the reductions for capital gains aren't as attractive. This is general advice and illustrative only. Your personal tax situation will be different.

Choose themes to screen from your portfolio away from (i.e. remove stocks)

Climate Change

War

Human Rights

Health

Vices

Animal Rights

Religion

Asset Class

Thematic

Climate Change

- No Fossil Fuels (Worst Offenders) 
- No Fossil Fuels (Any) 
- No Coal Seam Gas or Fracking 
- No Nuclear Power 
- No Old Growth Forest Logging 

Your TFN or your child's:

How much you save by using your tax file number rather than a child's*

		Your Income <u>before</u> income from child's account						
		Separate	\$10,000	\$25,000	\$50,000	\$100,000	\$150,000	\$200,000+
Approx Investment	Child's Income	Tax Return?						
\$2,000	\$100	No	\$0	-\$16	-\$32	-\$32	-\$39	-\$47
\$5,000	\$250	No	\$0	-\$40	-\$80	-\$80	-\$98	-\$118
\$10,000	\$500	Yes	\$0	-\$80	-\$160	-\$160	-\$195	-\$235
\$20,000	\$1,000	Yes	\$385	\$225	\$65	\$65	-\$5	-\$85
\$40,000	\$2,000	Yes	\$900	\$580	\$260	\$260	\$120	-\$40
\$80,000	\$4,000	Yes	\$1,800	\$1,160	\$520	\$520	\$240	\$80
\$160,000	\$8,000	Yes	\$3,600	\$2,320	\$1,040	\$1,040	\$480	-\$160
\$320,000	\$16,000	Yes	\$6,208	\$4,640	\$2,080	\$2,080	\$960	-\$320

If you earn \$150k and your child earns \$250 you'll be \$98 worse using your own TFN

But if your child earns \$2,000, you'll be \$120 better off.

* Some assumptions! \$50k income and above then I'm assuming you need to pay medicare, but the child doesn't. A 5% return on investments: this reflects dividend franking and possibly some capital gains.

Source: Nucleus Wealth

Kids Investments:

- Risk / return
- Do you like doing tax returns
- Can you keep the money separate
- If adult not working then save thousands

Personalise Your Portfolio

Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?

Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?



Personalise your portfolio now >



- Account Selection
- Investment Choice
- Risk Profile
- Build Your Portfolio**
- Ethical Overlay
- Review
- Applicants
- Bank Details
- Compliance
- Final Review

Portfolio Tilts



Quality Stocks

Value Stocks

Growth Stocks

Oil & Gas Stocks

Gold Stocks

Agribusiness

Large Technology Stocks

Cloud Computing Stocks

Robotics/AI

Video Gaming

Cybersecurity

Clean Energy

Defensives

Battery Supply Chain

Nuclear Power

Defense Contractors

Travel

Luxury Goods

Logistics

Global Communication Services

Global Consumer Discretionary

Global Consumer Staples

Global Energy

Global Financials

Global Health Care

Global Industrials

Global Information Technology

Investment Style Factors



Climate Change



Technology



Consumption



Commodities



Military



GICS Sectors



Technology

Add these stocks to my portfolio

Large Technology Stocks



Cloud Computing Stocks



Robotics/Artificial Intelligence



Cybersecurity



Type of Tilt

Select Weights



Medium Weight



Medium Weight



Select Weights



Climate Change



War



Human Rights



Health



Vices



Animal Rights



Religion



Social



Thematic



Asset Class



Climate Change

- No Fossil Fuels (Worst Offenders)
- No Fossil Fuels (Any)
- No Coal Seam Gas or Fracking
- No Nuclear Power
- No Old Growth Forest Logging



International Shares	Sector Group Industry	Region	\$
3M (MMM)	Manufacturing Industrial Conglomerates	US	44
ABB (ABBN)	Manufacturing Electrical Components & Equipment	Europe	141
Abbott Labs (ABT)	Manufacturing Health Care Equipment	US	76
Adobe (ADBE)	Technology Application Software	US	31
Allianz (ALV)	Finance Multi-line Insurance	Europe	44
Alphabet (GOOG)	Consumer Interactive Media & Services	US	639
Alphabet (GOOGL)	Consumer Interactive Media & Services	US	122
Amazon.com (AMZN)	Consumer Broadline Retail	US	701
American Tower Corp (AMT)	Defensives Telecom Tower REITs	US	44
Aon (AON)	Finance Insurance Brokers	US	44
Apple (AAPL)	Technology Technology Hardware, Storage & Peripherals	US	924
ASML (ASML)	Technology Semiconductor Materials & Equipment	Europe	145
AstraZeneca (AZN)	Manufacturing Pharmaceuticals	Europe	72
AXA (CS)	Finance Multi-line Insurance	Europe	44
Banco Bilbao (BBVA)	Finance Diversified Banks	Europe	44
Banco Santander (SAN)	Finance Diversified Banks	Europe	44
BP (BP)	Resources Integrated Oil & Gas	Europe	44
Bristol-Myers Squibb (BMY)	Manufacturing Pharmaceuticals	US	44
Broadcom (AVGO)	Technology Semiconductors	US	223
Cadence Design Systems (CDNS)	Technology Application Software	US	72
Caterpillar (CAT)	Manufacturing Construction Machinery & Heavy Transportation Equipment	US	63
Cisco Systems (CSCO)	Technology Communications Equipment	US	31
Citigroup (C)	Finance Diversified Banks	US	44
Coca-Cola (KO)	Consumer Soft Drinks & Non-alcoholic Beverages	US	85
Colgate-Palmolive (CL)	Consumer Household Products	US	44
Deutsche Telekom (DTE)	Defensives Integrated Telecommunication Services	Europe	44
Diageo (DGE)	Consumer Distillers & Vintners	Europe	44
Eli Lilly and (LLY)	Manufacturing Pharmaceuticals	US	229
Emerson Electric (EMR)	Manufacturing Electrical Components & Equipment	US	99
Ford Motor (F)	Consumer Automobile Manufacturers	US	44

Kids Investments:

- Your initial transaction cost will be \$9.90 (0.099%).
- Adding \$200 a month will cost you 20c (0.099%) in transaction costs
- Monthly admin and management fees of \$3.21 (0.385%p.a., decreasing as you add more)
- There are no underlying ETF or fund charges as you own all the stocks individually.

More from Nucleus Wealth:

Content: [Nucleuswealth.com/content](https://nucleuswealth.com/content)

**Have a guest or topic suggestion for the show?
Leave a comment on YouTube**

Find us on all major (and minor) podcast platforms:




Social media:

 Facebook.com/nucleuswealth

 Linkedin.com/company/nucleuswealth

 Instagram.com/nucleus_wealth

 Twitter.com/nucleuswealth