

YOUR  
ADVICE

NOEL WHITTAKER



I have a child endowment policy which is apparently worth about \$20,000 – not much seems to be happening with it. I have contacted a financial planner who tells me she may be able to cash it out and invest the proceeds into managed funds. Her fee for doing this would be about \$400 and thereafter \$200 a year.

I have two young children and am renting with very little in super. I went back to work on a casual basis when my second child started kindergarten last year. I am on Newstart and doing some casual work and hoping this will eventually lead to full-time work. What should I do?

First ask the advisor for the surrender value of the policy now and what it would be in, say,

five years' time. Then ask her to run projections on the assumption that the managed funds she recommended average 7 per cent per annum. If there is a clear advantage in switching to managed funds it would be worthwhile to bite the bullet and cash the policy in now.

I am 46, earn a good salary and am divorced with no children. I live in my own home on which I currently owe \$283,485, and have \$50,000 in an offset account. I have \$200,000 in super. Should I keep paying off my mortgage as fast as possible or salary sacrifice more money into my superannuation account?

As long as you are paying at least \$8 a thousand

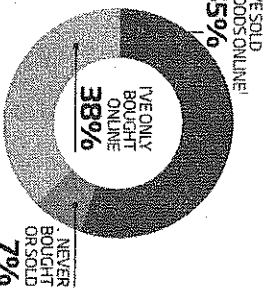
a month, which would be \$2267 a month on your present loan, I suggest that salary sacrificing to super is the most effective way to build a nest egg. This is because such contributions lose just 15 per cent whereas money taken by way of net salary would probably lose at least 38.5 per cent. When you retire you will then have additional funds in your super which you will be able to withdraw tax free to pay off any balance remaining on the loan.

Noel Whittaker is a co-founder of Whittaker Macnaught. His advice is general in nature and readers should seek their own professional advice before making any financial decisions.

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# Festive cash in sell-off

Create a Christmas gift fund by selling unused items, writes Nhada Larkin



SELLING goods online is proving popular among [youmoney.com.au](http://youmoney.com.au) readers, with more than 55 per cent saying they had made an internet sale. Last week's poll also found 38 per cent had not sold online but had bought

## Good, bad and ugly

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"There's deep emotional benefits of owning your own home rather than sitting in a rental property watching rental prices increasing," she says.

"Also, you can build equity within your own home and use that to purchase other investments such as an investment property or shares. So, it can become good debt."

Burns says there are financial benefits in paying off your mortgage quickly, and those with a home loan should not be stashing cash in a savings account even if it's a high-interest one.

"Due to the fact that the interest you pay on your home loan is often higher than the interest you earn on a savings account, making extra repayments on your home loan can save you more money than by depositing funds into a dedicated savings account," he says.

"If your home loan is eligible for redraw,