

Protecting your super from organised crime

The Australian Crime Commission's 2015 report is a very interesting read...

While the greater majority of Australians have absolutely nothing to do with organised crime, it lives on our doorstep and in one way or another, everyday folk have been touched by it, or will be touched by it if we don't take some simple steps.

In this article, I want to talk specifically about the risks our superannuation is exposed to from attacks by organised crime.

How could our super be attacked?

With more than \$2trillion held by Australians in superannuation, it has become a very attractive target for organised crime. There are people out there who are desperate to separate us from our life savings.

Some of the threats include:

- Theft of contributions;
- Theft of superannuation assets (savings);
- Fraudulent investments;
- Promotion of non-existent schemes; and
- Charging of excessive fees.

What makes superannuation attractive to organised crime?

- Superannuation savings continue to grow, primarily due to the compulsory nature of the Superannuation Guarantee system. Employers currently contribute (or should contribute!) 9.5% of employees' wages to a superannuation fund. The compulsory contribution rate is progressively increasing to 12%.
- Many Australians are disengaged from their superannuation. They have multiple superannuation accounts and rarely (if ever) check their superannuation balance. As a result, any loss of superannuation will often not be picked up for many months, if not years after a theft has occurred.
- Superannuation is complex with a number of different regulators being involved. Each regulator has their own separate and distinct role, often making it difficult to identify and trace criminal activity.

Who is vulnerable to these attacks?

All superannuation fund members are potential candidates to be attacked by illegal operators. But perhaps self-managed superannuation funds are more attractive, not only because members of SMSFs tend to have much larger superannuation account balances, but many trustees are also involved in the day to day operations of their funds.

As a trustee of a SMSF myself, I have received approaches on a number of occasions from telemarketers wanting to introduce me to rather questionable investment "opportunities".

Many promoters of questionable schemes are extremely sophisticated in the way they operate, often with very credible "fronts" for their operations, including professional looking websites and publications and very slick "sales staff".

How can I best protect myself and my super from theft?

1. Become engaged with your super.

Check your account balance on a regular basis and don't be hesitate to report any irregularities to your superannuation fund, the Australian Securities and Investment Commission, or to the police.

2. Protect your security.

Keep your passwords secure and don't give them to others. When checking your account balance online, never leave a computer unattended and always log out at the end of your session. Never, ever log into your personal accounts using a free Wi-Fi service.

3. Only use the services of reputable professionals.

Preferably only deal with advisers that you have met in person who operate their business from a bona fide business premises. Depending on your personal circumstances, you may use a number of professional advisers including an accountant, lawyer, financial planner, tax agent, etc. Check their credentials and make sure they are who they say they are. If in doubt, leave!

4. Be wary of investment scheme promoters.

Be very wary of promotions using tele-marketing and cold-calling. By all means, listen to what they have to say, but don't provide personal information and never supply bank account details, tax file numbers, passwords, or other personal details that might identify you and your super. Some of these people can be extremely persuasive at extracting information. Be strong.

5. Only deal with licensed businesses.

If you are approached by someone offering financial services, ask to see a copy of their Australian Financial Service Licence or ask for their licence number and check them out on the ASIC website before proceeding. Also ask for a copy of their Financial Services Guide. If they hesitate in providing this information, or say they are exempt from holding a licence, be extremely suspicious.

6. Remain alert.

Be alert for emails, phone calls and direct approaches from people purporting to be from your bank, super fund, or from a government agency such as the Australian Taxation Office.

Be very cautious about clicking on any hyperlinks included in an email, no matter how genuine the email might appear. If you receive an email from your bank, and it asks for information or requests you to click on a link, don't be afraid to print a copy of the email and go to your local bank branch and have them check that the email is bona fide. Remember, these people are highly skilled in the art of deception. And be especially wary of the ones that want to be "your friend". They seek to build rapport with you over time before pouncing.

7. If it sounds too good to be true, it probably is too good to be true.

Always be alert for the "free lunch". If anyone offers you something for nothing, be suspicious. Some promoters of questionable schemes may request you sign a confidentiality agreement or request you don't disclose their proposal with anyone else. If they do this, do yourself a favour and walk away. Everybody is entitled to seek a second opinion before they part with hard earned money.

8. If you do become a victim, don't remain silent.

If you find you have been the victim of theft or fraud, don't be silent about it. You would be surprised by the number of people who feel embarrassed after having been taken advantage of. They often remain silent and don't report their experiences, thereby leaving the perpetrators free to roam the streets and stalk their next victim. As humiliating as it may be, report any theft to the police as soon as you become aware of it.

Sadly, there are people in our society who are keen to separate us from our hard earned super and other savings. By being alert and aware we can go at least some way to protecting what is rightfully ours.

Source | Peter Kelly, Centrepoint Alliance

This communication has been prepared on a general advice basis only. The information has not been prepared to take into account your specific objectives, needs and financial situation. The information may not be appropriate to your individual needs and you should seek advice from your financial adviser before making any investment decisions.

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