

# Frequently

## asked questions

By now, you've probably got a few questions about managed funds. Here are some of the most common.

### Question

Is there any advantage in making regular investments, or should I wait until I've saved a substantial amount and invest it all at once?

I understand that gearing is a tax-effective way of investing. Can I do that with managed funds?

What about my Centrelink benefits? Are they affected if I have investments in managed funds?

### Answer

Regular investment is an excellent idea, for two main reasons.

Firstly, you start investing earlier so your money has got longer to work for you. Secondly, you benefit from what's known as **dollar cost averaging**. Put simply, this means your regular savings buy more investment units when prices are lower and less when prices are higher – just as you'd want, and it happens automatically.

There's more about dollar cost averaging in the next section of this booklet.

Gearing, which simply means borrowing to invest, has the effect of magnifying any profits (or losses). In many cases, it can also produce tax benefits.

You can borrow to invest in managed funds, just as you can with property, and enjoy similar tax benefits. And because managed funds are so accessible, you don't need so much money to get started. This can mean that you needn't borrow as much to get started, and this reduces the risk of over-committing yourself.

To find out more about gearing, ask for a copy of the Suncorp 'Considering Gearing' booklet.

Managed funds can be quite 'Centrelink-friendly'.

For Centrelink purposes many financial investments – including managed funds – are 'deemed' to have a certain rate of return, depending upon your personal situation and level of assets. That deemed rate – and no more – is what's counted when calculating your benefit. So even if your managed fund returns are higher than the deemed rate, your Centrelink benefits will be determined using the deemed rate.\*

\* Your actual income however will still be assessed for tax purposes.