

Want a bigger retirement nest egg? Put more money into super

We would all like a retirement free from financial worries and there's a good chance your super will be a major source of your retirement income. But even with your employer currently contributing 9 per cent of your salary to your super fund, there is no guarantee this will be enough to fund a comfortable retirement.

There are several ways to make additional contributions on top of the compulsory 9 per cent your employer pays into your fund for you. Making extra contributions to super while you're still working could make a huge difference to the size of your retirement nest egg.

When should I start?

Due to the effects of compounding interest - that is, interest earned on your interest - the sooner you start making extra contributions to your super, the healthier your balance will be and the more money you will have to fund your retirement. That's more money, less worry.

How can I put extra money in?

There are two main types of contributions you can make to your super on top of the compulsory 9 your employer pays for you - **before-tax** contributions which are deducted from your total, or gross income, and **after-tax** contributions which you pay from your take-home, or net salary.

Before-tax

• Salary sacrifice contributions

Salary sacrifice is a popular and often tax-effective way of making extra contributions to your super.

Salary sacrifice is when you choose to have your employer pay some of your salary into your super account rather than receive that money as take-home pay. The salary you 'sacrifice' is paid directly into your super before income tax is deducted and that could mean you pay less tax overall. Your employer will be able to tell you if salary sacrificing is available to you and how to organise it. For more information about salary sacrifice and the contributions caps that apply, you can download our fact sheet at sunsuper.com.au.

After-tax

• Voluntary contributions

You can also make contributions to your super out of your after-tax, or take-home pay and these are called voluntary contributions. You can make voluntary contributions to boost your super by making regular contributions, or by injecting lump sums through the proceeds of a property sale or tax return, for example.

In fact, those in the workforce, up to the age of 75, can now put up to \$150,000 in any one year into their super. And, if you are under 65 in the financial year these contributions are made, the \$150,000 cap can be averaged over three years to make a larger one-off payment of up to \$450,000 in a single year.

Tip: If your super fund does not have your tax file number (TFN), any money your employer pays into super for you will be taxed at the highest rate of tax, and without a TFN, your fund cannot accept your voluntary contributions. You may also pay more tax than you need to. To provide us with your TFN, simply call **13 11 84** or log on to sunsuper.com.au and follow the prompts.

make your dreams
more than dreams



- **Government co-contribution**

The good news with voluntary, after-tax contributions is if you're earning less than \$61,920 a year, you could be eligible for a Government co-contribution. That is, the Government may give you a bonus of up to \$1,000 a year toward your super depending on how much you earn and how much you contribute.

From 1 July 2012, the co-contribution scheme will undergo some big changes. Not only will the matching rate be halved, meaning the maximum co-contribution payable will be \$500, but the upper income threshold will also be reduced from \$61,920 to \$46,920. So get in quick to make the most of your voluntary contributions.

- **Spouse contributions**

You may be able to help your spouse¹ save for their retirement by making contributions on their behalf. If your spouse earns less than \$10,800 a year and you are making contributions into their fund, you may be eligible for a tax offset of up to \$540 a year. More information is available on the Spouse contribution form which can be downloaded from our website at sunsuper.com.au.

How do I make voluntary contributions?

There are four ways for you to start contributing to your super:

1. Arrange with your employer to have your contributions taken directly from your pay.
2. Direct debit deposit - directly from your bank or credit union account.
3. Lump sum deposit - you can make a deposit by cheque.
4. BPAY[®] from your financial institution.

How do I know the strategy that is right for me?

Sunsuper can provide you with the help and advice you need, whether you have a simple question or would like to consider your total financial situation. Our financial planners can answer most of your questions about your Sunsuper account simply and quickly over the phone. If it's something more complex, you can arrange a time to meet with a financial planner. Our planners can give you advice on many aspects of your finances—not just your Sunsuper account.²

Low income earners Government contribution

To help boost the retirement savings of low income earners from 1 July 2012 the Government will introduce an additional government superannuation contribution for low income earners, defined to be individuals who have an 'adjusted taxable income' of less than \$37,000. This contribution seeks to compensate workers for the 15 per cent tax deducted from Superannuation Guarantee contributions. The Australian Tax Office will determine a person's eligibility, calculate and make the payment directly to their superannuation account. The payment will be capped at \$500 per financial year.

¹A 'spouse' includes another person who, although not legally married to you, lives with you on a bona fide domestic basis as your husband or wife, but does not include a person who lives separately and apart from you on a permanent basis.²Simple advice about super is provided at no additional cost. More detailed advice may incur a fee. All advice is provided by representatives of either Sunsuper Pty Ltd or Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818, AFSL No. 227867), a wholly owned subsidiary of Sunsuper. [®]Registered to BPAY Pty Ltd ABN 69 079 137 518