

# Too young to contribute to super?

When you're in your 20s and 30s, accessing your super benefit seems such a long way off. So why bother contributing now? Surely you have better things to spend your money on... right?

Well, did you know that contributing to your super in your early years can have a dramatic effect on your final retirement benefit?

This table shows the amount that you could accumulate to age 65 if you contribute an extra 5% of your salary for 10 years. It's easy to see that the earlier you start, the better off you could be.

The age 5% of salary is contributed	Total additional contribution made in 10 years	Additional benefit at age 65
20 - 29	\$22,927.76	\$250,033
30 - 39	\$30,812.99	\$187,634
40 - 49	\$41,410.08	\$140,807
50 - 59	\$55,651.69	\$105,667

The table uses the following assumptions:

- > Salary at age 20 was \$40,000 p.a
- > Salary increased at 3% p.a. every year
- > The superannuation fund earned 6% p.a. every year
- > The additional contribution is an after-tax contribution (deducted from your after-tax salary)
- > The additional contribution is made for 10 years
- > The additional benefit does not include the Government co-contribution which could further increase your benefit

## Why such a difference?

Earnings over an extended period of time can have an incredibly powerful impact on your end benefit. Whilst our earnings are based on the changes in unit prices rather than a compounding interest rate, the returns over a number of years are usually described as an average effective annual rate of return.

We have used 6% per year as an example. The actual rate of return will vary depending on the investment portfolio you choose. Your choice will depend on the level of growth you want and the amount of risk you are comfortable with.

So generally, investing over the long term in a well diversified portfolio provides the opportunity for the growth in investment markets to significantly increase the value of your investment.

## A little now makes for better retirement

In the long run, contributing a little extra now could give you more flexibility when it comes time to retire. Depending on the amount you contribute, you might be able to consider retiring early or it might make your retirement lifestyle more comfortable, allowing you to take that holiday or buy that car.

## Don't forget the tax benefits!

Superannuation can be one of the most tax effective ways to build your financial nest egg. Your salary sacrifice contributions to super are taxed at just 15%.

This brochure is for general information only. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, seek professional financial advice. If you are considering investing in the Equisuper Superannuation Fund ABN 33 813 823 017, you should read the appropriate Equisuper Product Disclosure Statement (PDS) before making an investment decision. You can obtain a PDS via our website or by contacting the Helpline.

The taxation information included in this brochure is a general guide only. As taxation laws are complex and individual circumstances vary, you should seek individual taxation advice from a qualified advisor.

Equisuper Financial Planning Pty Ltd (EFP) ABN 84 124 491 078 is owned by the trustee of the Equisuper Superannuation Fund (Equisuper) and is a corporate authorised representative of Health Super Financial Services Pty Ltd ABN 37 096 452 318, AFSL No 240019.

For full information about the services and remuneration of EFP, please refer to the EFP Financial Services Guide, available by contacting **1800 065 753**, or on the website [www.equipfp.com.au](http://www.equipfp.com.au).

© Equisuper Pty Ltd (ABN 64 006 964 049; AFSL 246383)

Contact our Helpline on: **1800 682 626** | Visit our website at: [equisuper.com.au](http://equisuper.com.au)  
Send any correspondence to: **Equisuper Pty Ltd, GPO Box 4303, Melbourne VIC 3001**

*quietly outperforming.*  
**equisuper,**

Doc code: ESP / 1342 / 1011  
Last revised: 7 October 2011

# Fact Sheet

## Too young to contribute to super?

#31

page 2

### The Government co-contribution

If you earn less than \$61,920 a year and you make after-tax contributions to your super, you could be eligible to receive the Government co-contribution. This means that the Government will contribute up to \$1.00 for every dollar you contribute, up to a maximum of \$1,000. You can refer to *Fact Sheet # 12 Government co-contributions* for more information.

### Ways you can contribute

So you're ready to start putting some extra cash away but don't know where to start? Well you have several options. One popular way to build your super is with salary sacrifice contributions (if your employer allows this - most do). You can also make ad hoc after-tax contributions via BPAY and by making extra contributions, you might be eligible to receive the Government co-contribution.

Full details on the different types of contributions you can make can be found under our *Contributing to your super* section on our website.

### Need help?

We recommend you seek financial advice to create an investment portfolio that suits you and your risk tolerance. If you would like advice, or further information about what advice is available, please call our Helpline 1800 065 753, or you can visit the website [www.equipsuper.com.au/pages/getting.advice](http://www.equipsuper.com.au/pages/getting.advice).