



I'm not happy that I've let my super slip. Not now, when it's really going to count. So I hope it's not too late to start putting more in.

## Remember, AMIST Super is here to help YOU maximise your super

At AMIST Super, we know that everyone is different. That's why we try to offer as many options as possible to help our members get the most from their super.

### Get some advice

AMIST Super now offers members professional financial advice over the phone. So if you need some information about how to grow your super, whether you qualify for the various government super incentives, or anything else to do with your super, just call the **AMIST Super Hotline** on **1800 808 614** and ask for some help.

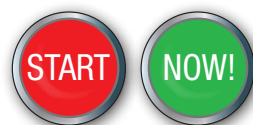
### But whatever you do, start now!

The good news is that you now have options that will certainly help you boost your super and may provide a much better return in the future. But the most important thing to do is start your plan today. Because putting it off could cost you many thousands of dollars.

### Still have questions?

Call us on 1800 808 614.

We're waiting for your call.



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# Is your super ready for your retirement?



*It's not too late.*

**Topping up your super can add up to \$120,000 to your retirement.**

**We show you how...**

## It's time to think seriously about Super...

Super has always been something in the background. A task or occasional chore, never anything that is going to really impact your life. But that is all about to change.

Whether you like it or not, retirement or more importantly, 'not earning money any more' is rapidly approaching. You have a couple of choices, not do anything, keep paying the minimum and hope like hell, or bite the bullet and take control of your destiny by making extra contributions in the lead up.

### Would an extra \$100,000 help?

It's all about how much you want to be in charge of what happens when you stop working. Because by regularly investing a relatively modest amount, you can add substantially to your retirement benefit.

## You've still got options

The good news is you still have options to boost your super. The following four example illustrate the advantage extra payments can make for you.

**Meet Morris.** Morris is 55 years old, works full time and earns \$50,000 a year. He plans to retire when he's 66, his age pension eligibility age. His current super account balance is \$40,000. Morris realises he needs to boost his super as much as possible before he retires if he is going to be able to afford to do the things he wants to do in his retirement.

He decides to get help from the experts, so calls the AMIST Super Hotline for an appointment with a licensed financial adviser. The adviser shows Morris four savings approaches and the effect each can have on his super.

### Approach 1

Do nothing - rely only on the superannuation guarantee (SG) contributions his employer makes to his super.

### Approach 2

Pay \$20 a week to super from his after-tax pay, so he would also be eligible for a matching Government co-contribution payment to his super.

### Approach 3

Pay an amount equal to \$40 a week from his take-home pay made up of \$10 after-tax and \$43.79 from his before-tax pay (which would equal \$30 in after-tax pay).

### Approach 4

Pay an amount equal to \$100 a week from his take-home pay made up of \$10 after tax (to qualify for a co-contribution payment) and \$131.39 from his before-tax pay (which equals \$90 from his take-home pay).

*This approach will need some adjustment to the family budget, but Morris feels that having a large enough retirement nest egg is well worth the effort.*

The people depicted in this example are fictional and the circumstances outlined are for illustrative purposes only.



The following table shows how each approach can boost his super, assuming that it is invested in the same way and earns a return of 7% p.a<sup>1</sup> after fees but before tax in each case. By making extra super contributions, Morris can double or almost double his super by the time he turns 66, using the powerful effects of compounding interest.

	Approach 1	Approach 2	Approach 3	Approach 4
	SG contributions only	Extra \$20 after-tax per week	Extra \$10 after-tax and \$43.79 before tax per week (equal to \$40 less in his weekly take home pay)	Extra \$10 after-tax and \$131.39 before tax per week (equal to \$100 less in his weekly take home pay)
Extra super contributions per year	nil	\$1,040	\$2,455 <sup>2</sup>	\$6,327 <sup>2</sup>
Government co-contribution	n/a	\$397	\$397	\$397
Super contributions each year (SG super <sup>3</sup> and extra savings to super)	\$3,825 <sup>2</sup>	\$5,262	\$6,677	\$10,549
Total extra super savings at age 66	nil	\$22,361 <sup>4</sup>	\$51,614 <sup>5</sup>	\$124,176 <sup>6</sup>
<b>Total super account balance at age 66 (SG super and extra savings to super)</b>	<b>\$136,348</b>	<b>\$158,709</b>	<b>\$187,962</b>	<b>\$260,524</b>

1. This expected long term investment performance is based on the historical performance of a fund with the same investment asset allocation as the AMIST default fund (60% growth and 40% defensive). **However, past performance is no guarantee of future performance and short term earnings may be negative due to the volatile nature of some asset classes.**
2. This is the net amount going into Morris' super after 15% contributions tax has been deducted from before-tax payments.
3. For simplicity of the comparison, SG contributions are calculated at 9% only for the entire eleven year period. Salary indexed at 4%.
4. If Morris invested \$20 a week outside of super, earning a 7% p.a. return after fees but before tax but not receiving the Government co-contribution, his investment would grow to \$16,994. This assumes that any tax that applies on investment earnings is paid from other money.
5. If Morris invested \$40 a week (the amount he has less in his take home pay) in the same way earning a 7% p.a. after fees but before tax outside of super (not having the benefit of before-tax savings or Government co-contribution), his investment would grow to \$33,988. This assumes that any tax that applies on investment earnings is paid from other money.
6. If Morris invested \$100 a week (the amount he has less in his take home pay) in the same way earning a 7% p.a. after fees but before tax outside of super (not having the benefit of before-tax savings or Government co-contribution), his investment would grow to \$84,970. This assumes that any tax that applies on investment earnings is paid from other money.

Please note: for simplicity, no tax on investment earnings has been taken into account for these examples.

**Need some advice? Call the AMIST Super Hotline 1800 808 614**

“I know Morris has worked so hard for so long. But we still need to enjoy our life and do all those things we promised each other we would do. His super has to support both of us.

There’s our kids and grandkids to think of too. So after our trip we’ll need to make sure that everyone is looked after.

We hope we’ll have enough.”

## What does more super mean for Morris’s retirement lifestyle?

The age pension provides for a basic lifestyle with an income of \$28,584\* a year (\$549.70 a week) for a couple or \$18,951\* a year (\$364.45 a week) for a single person and provides access to discounts on energy costs and health services.

### ***When they retire, Morris and Bella would like to buy a four-wheel drive and caravan to do some travelling around Australia***

Assuming that they own their own home, current research# shows that for Morris and his wife to enjoy a modest retirement lifestyle, they would need a yearly income of \$30,577 (\$588 a week) or \$21,132 a year (\$406 a week) if Morris was single. A modest lifestyle is one which is slightly better than living on the age pension and it affords some low-cost activities.

A comfortable retirement lifestyle is considered to be one which allows for recreational activities, higher quality household goods, domestic travel and private health insurance. While it is comfortable, this lifestyle is by no means lavish, requiring an income of \$53,729 a year (\$1,033 a week) or \$39,302 (\$756 a week) for a single person.

\* ^ Refer to footnotes on the following page.

The financial adviser walks Morris through what more super could mean for his retirement, assuming that he also receives the age pension. If he relies only on his compulsory super, Morris would be able to enjoy a modest lifestyle, with his super providing \$11,550^ a year (\$222 a week) on top of the pension. Since he will need to rely on his lump sum to generate this extra income over the course of his retirement, it doesn’t allow for large purchases such as a new car. Careful management is needed to afford short holidays. If Morris spent \$30,000 on a new car, he would be left with a lump sum of \$106,000, which would reduce his extra income to \$8,980^ a year, giving him \$173 a week to add to the age pension.



When they retire, Morris and Bella would like to buy a four-wheel drive and caravan to do some travelling around Australia. The more money Morris adds to his super, the easier it will be to do this. If he saves \$100 from his take-home pay (see approach 4), he would have almost \$125,000 more when he retires than if he does nothing. This additional super means that he could allocate \$60,000 towards the purchase of his car and van, and still have an additional \$16,990 a year income (\$326 more a week), making his total yearly income \$45,574 or \$875^ a week (including age pension payments). Morris can now see how making extra payments into his super would mean more retirement choices he and his wife could enjoy.

*Your super is there to work for you...*



## “OK. But what other options do I have – and what should I do next?”

This financial stuff can be confusing—even though you know it’s important. You need someone on your side who can give you clear advice, that’s in your best interest.

That’s where we come in. Because AMIST Super offers members professional financial planning advice.

***There’s no additional cost for this level of advice, because it’s all part of your AMIST Super membership.***

Once you hit 55, you get more options for your super, including bigger tax breaks and the ability to pump more money into your super. But which one is right for you?

The first level is simple advice over the phone. Just call the AMIST Super Hotline and ask to be put through to an adviser. You’ll then be able to get answers to lots of the questions about salary sacrifice, Government Co-contributions, investment options, etc. And there’s no additional cost for this level of advice, because it’s all part of your AMIST Super membership.

For more detailed advice about your options, we recommend that you make an appointment to see one of our qualified financial planners. There is an additional fee for this service, but it’s well worth the peace of mind a professional financial plan will give you.



*Time to enjoy what really matters.*

### **Pump up your super!**

The more money you can put into your super the better. You can do this through salary sacrifice and continue to benefit from paying less tax, or you can make after-tax contributions and get the Government Co-contribution, if you qualify. But one advantage of being over 50 is that currently the amount you can add to your super in one year doubles from \$25,000 to \$50,000.

### **Nearing retirement with quite a bit of super?**

If you’ve done the right thing and now have a healthy nest egg, why not take advantage of a “Transition to Retirement” (TTR) strategy. This strategy allows you to continue to work full time, draw a super pension and salary sacrifice more money into your super. Alternatively, you could reduce your working hours (i.e. go part time) without necessarily reducing your income and then use the extra time to enjoy your favourite recreational activity, look after the grand kids or anything else you want to do.

### **Check out the AMIST Pension**

And even once you’ve finished working, you can take advantage of an AMIST Pension. It offers all the same benefits as AMIST Super, including low fees, and a range of investment options, plus you’ll pay no tax on the earnings from your account and after age 60 you’ll pay no tax on the income you withdraw.

To take control, all it takes is one phone call to your AMIST Super Hotline. It’s a free call that could change your life.

#### Footnotes from previous page:

\* Age pension amounts as at July 2011.

# Westpac ASFA Retirement Standard September 2010.

^ Assumptions: Morris’s wife has not worked and does not have any super.

The lump sum gains an investment return of 7% p.a. after fees but before tax and returns are reinvested.

Morris’s life expectancy is assumed to be 82 years of age

All annual and weekly income shows the income in today’s dollars (i.e. real dollar terms) after accounting increases for inflation at a rate of 2.3% p.a.

The worked example aims to show a comparison of the impact different contribution rates and types may have on a superannuation benefit at retirement.

While Morris could commence a transition to retirement income stream after he reaches his preservation age (currently age 55), for simplicity we have assumed he doesn’t. The use of a transition to retirement income stream may achieve an even better after tax result since investment earnings on income stream accounts are tax-free and income stream payments after age 60 are also tax-free.

