

Compounding

creates greater interest in super

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AMIST Super Hotline **1800 808 614**

One of the best decisions you can make in life is to start investing in superannuation sooner rather than later. The reason? So you can take advantage of compound earnings—which can turn even small amounts of money into larger sums over time.



What are compound earnings?

Compound earnings means you're making money not just on the amounts you actually deposit in your super account but, as time goes on, also on the earnings those contributions generate. It's earnings on your earnings, in fact!

And the longer you invest, the greater the impact of compound earnings, so it really pays to get started as soon as you can.

Let's look at how this could work.

Nick is a 21 year old butcher who earns \$577 a week.

His employer is contributing the compulsory Superannuation Guarantee 9.5% of his gross income into super, which is \$55 per week. Assuming no adjustments to this rate of saving take place over the years, by the time Nick retires at age 67, he will have contributed a total of \$162, 000 to his super. But based on an average earning rate of 7% per year*, Nick's account balance is more likely to be almost \$400,000.

That's over \$200,000 extra and all Nick did was contribute the absolute minimum compulsory amount to his super. Compound earnings and time did the rest.

*This is not representative of a guaranteed rate of return.

But because Nick wants to ensure he enjoys a comfortable retirement, rather than relying on contributing the absolute minimum amount to his super, Nick decided to deposit an extra \$10 per week. As a result, his account balance leaps to over \$520,000.

So by topping up his super by just over \$10 a week, Nick could retire with an extra \$100,000. Thanks again to time and the effect of compound earnings.

It's true, getting started in super early really doesn't cost much but can make an enormous difference to your retirement savings and industry funds like AMIST Super charge low fees and return all profits to members, making them an even better value alternative.

If you want to know how to boost your super like Nick did, call the **AMIST Super Hotline** on **1800 808 614**.



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