


**TWUSUPER**
*Hardworking super for people in transport*


# Preparing for retirement

Topping up your super now can make a big difference to your lifestyle when you retire.

For most people, the Age Pension won't be enough to live on comfortably after retirement. Boosting your super by just a little bit each week could make a big difference to your lifestyle after you finish working.

## What will you live on when you retire?

The Government provides an income for people who haven't been able to save for their retirement. Those who satisfy the income and assets test are entitled to receive the full Age Pension payment – the current rates are \$18,669.75 per year if you are single and \$28,146.70 per couple per year (including the Pension Supplement amount).

## Will the Age Pension be adequate for your needs?

The table below outlines how much income you might need to enjoy a comfortable or modest lifestyle in retirement.\*

A modest retirement means:	A comfortable retirement means:
> no overseas travel	> travelling overseas every 5 years
> no home improvements	> affording a decent car
> no eating out	> dining out occasionally
> purchasing clothes from thrift stores or in/during sales	> shopping at department stores
> no entertaining at home	> enjoying a range of activities
Total annual expenditure	Total annual expenditure
<b>\$30,382 per couple</b>	<b>\$53,456 per couple</b>
<b>\$20,973 if you are single</b>	<b>\$39,081 if you are single</b>

As you can see, the Age Pension isn't going to deliver the type of lifestyle you're probably looking for in retirement. That's why super is so important. At the very least, it can provide an income stream to supplement the Age Pension after you stop working, so you'll be able to enjoy your retirement instead of living frugally.

With life expectancies increasing, you may have to rely on a retirement income for some time after you finish working. So it makes sense to put steps in place now to make sure that you won't be caught short when that time comes.

\* Westpac-ASFA Retirement Standard June quarter 2010 – the figures in each case assume that the retiree(s) own their own home and relate to expenditure by the household. This can be greater than household income after income tax where there is a draw-down on capital over the period of retirement. Single calculations are based on female figures.

## Why is super a good investment?

Because the Government wants to encourage you to save for your own retirement, super has been structured as a tax effective way of growing your money. This means that if you grow your money inside super, you'll most likely pay less tax than if you invest the same amount in a non-super environment.

These tax incentives include:

### Salary sacrifice

Any extra contributions you make directly from your before tax salary (above the compulsory 9% paid by your employer) will be taxed at 15% instead of at your normal income tax rate. This may also help to lower your overall income tax rate, as your taxable income is reduced.

### Spouse contributions

If eligible, you can make payments to your spouse's super – and if they earn less than \$10,800, you could receive a tax rebate of up to \$540.

### Roll into an allocated pension

If you have \$10,000 or more, you can invest your super in an allocated pension. Your pension income is tax free once you reach 60 – and investment returns on the pension are tax free.

### Pay less tax on earnings

Earnings made within super are taxed at up to 15%, whereas earnings you make outside of super are taxed at your marginal income tax rate (which can be as high as 46.5%).

**MORE OVERLEAF...**

## FACT SHEET - Preparing for retirement

### Government co-contribution

If you earn less than \$61,920 and make after tax contributions to your super, the Government will match eligible payments up to \$1,000 per year (this reduces by 3.333 cents for every dollar your total income is over \$31,920).

### Every little bit makes a big difference

Just putting a little extra in regularly to your super can give you a big return. In addition to offering tax incentives, your super can also benefit from compound interest. Compound interest is money earned not only on your original investment, but on the accrued interest earnings as well. So if you put in a regular small amount over a long period of time, you could end up with more super than someone who has contributed a greater amount over a shorter period. So the earlier you start, the better!

Another benefit of investing more in super is that it's preserved until you meet a condition of release, so you won't be tempted to use it for other things that in the long run may not be that important.

### TAKE ACTION

#### Make a before tax salary sacrifice contribution

Check with your employer to see if salary sacrifice is available to you. Make sure that it will not reduce your other employment entitlements, such as annual leave and long service leave, or the level of Superannuation Guarantee contributions your employer makes on your behalf. Get written confirmation from your employer that salary sacrifice and any other entitlements will be calculated on your before tax income.

We have developed a helpful *Superannuation Salary Sacrifice Agreement* form to assist you in setting up a salary sacrifice arrangement with your employer. You can download the form from [www.twusuper.com.au](http://www.twusuper.com.au).

#### Make an after tax contribution

You can make after tax contributions to your TWUSUPER account any time by:

##### BPAY®

TWUSUPER's biller code is 857664.

Call us on **1800 222 071** and ask for your personal reference number or log in to your secure *MemberAccess* account at [www.twusuper.com.au](http://www.twusuper.com.au) to obtain your reference number if you don't already have it.

##### Electronic funds transfer (EFT)

Account name: TWUSUPER  
BSB: 032-002  
Account number: 272938

Please quote your member number as the reference number for your payment.

##### Cheque

Send cheques (payable to TWUSUPER) to:  
Locked Bag 5094  
Parramatta NSW 2124.

Please make sure to include your member number with the cheque.

If you would like to set up a regular direct debit please call us on **1800 222 071** and ask for a *Voluntary contributions form*, or download a copy from [www.twusuper.com.au](http://www.twusuper.com.au)

Please note, it's essential that you have provided your Tax File Number to TWUSUPER before you make the contribution, as we are unable to accept after tax contributions without it.

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### FURTHER INFORMATION

If you would like more information, call **1800 222 071** or visit [www.twusuper.com.au](http://www.twusuper.com.au)

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