

↔ Boosting your super

This document forms part of our Product Disclosure Statements



did you know?

Contributing extra to your super sooner, rather than later, means you'll reap the benefits of compounding (interest on interest). If you're thinking that you will contribute more when you're older to catch up, you may be short-changing yourself.



For more information on CareSuper or super-related topics call the CareSuperLine on **1300 360 149**, email admin@caresuper.com.au or visit caresuper.com.au

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Disclaimer

The advice in this document is of a general nature. We have not taken into account your particular financial needs, circumstances and objectives. We recommend you read all the information available, assess your own financial situation and seek professional advice from a licensed or authorised financial adviser before deciding to make any decisions related to your super. While reasonable care has been taken as to the accuracy of this information, to the extent allowed by law, CareSuper accepts no liability for any loss, direct or indirect, resulting from reliance on the information contained in this document.

Dated 30 November 2011

Where does my super come from?

Super Guarantee contributions

Most employers are required to pay Super Guarantee (SG) contributions on behalf of employees. Check to see whether you are eligible and that your employer is contributing for you.

Usually the SG amount is 9% of your salary. Some employers will choose to pay more than the compulsory 9% or may pay extra when you make voluntary contributions. It is worth considering this when comparing salary packages offered by different employers.

Why contribute more?

Most of us plan to retire, and it is likely we will need to contribute to achieve our retirement goals. Contributing, even a small amount, can make a significant difference to your super. For an illustration of the effects of contributing to your super earlier see the graph below.

Salary sacrifice (pre-tax) contributions

Salary sacrificing to super is an arrangement between you and your employer where you agree to forego or 'sacrifice' part of your future pre-tax salary in return for your employer making a contribution to super of a similar value. As the tax you pay on your super contributions may be lower than your marginal tax rate, this can have tax benefits. Salary sacrifice contributions are counted as employer contributions and are treated as income for various Government programs (e.g. co-contributions) and welfare benefits.

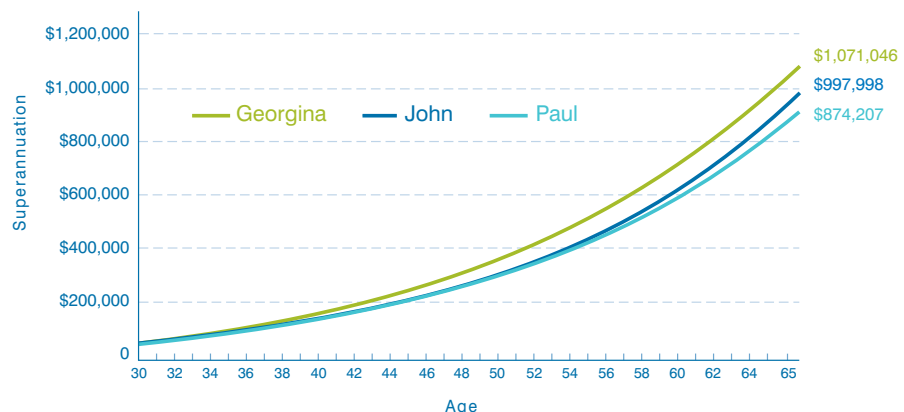
→ A Salary sacrifice fact sheet is available from our website at caresuper.com.au.

Personal (after-tax) contributions

You can make additional contributions to help grow your super at any time. If your salary is below \$61,920 (for 2011/12, indexed annually), you may be eligible for Government co-contributions (see overleaf).

Boosting your super sooner

The earlier you contribute extra to your super the more you can benefit from the effects of compounding interest. This example shows the potential benefit of making additional contributions earlier, rather than trying to 'catch up' later.



- Georgina makes \$2000 per year in personal contributions from age 30.
- John makes \$5000 per year in personal contributions from age 50.
- Paul doesn't make any additional contributions.

While John contributes **\$75,000** of his own money in total, Georgina contributes **\$70,000** and yet ends up with more in her super account!

Note: this chart assumes consistent opening super balances of \$40,000, annual income of \$40,000, earnings on investment of 6.25% after fees and taxes, salaries indexed at 2.5% per year and 9% super guarantee. The example uses a mathematical calculation to demonstrate the compounding effect for three hypothetical scenarios. As it is illustrative, there is no guarantee that the amounts of the contributions and earning rate referred to in the example will be achieved, and different outcomes will eventuate with fluctuating earnings and contribution rates.

➔ Boosting your super (continued)

How do I make personal contributions?

Making personal contributions is easy. Whether you want to make a one-off payment or regular contributions, you have a number of options:

- BPAY®
- Direct debit
- Payroll deductions
- Cheque

Call the CareSuperLine on **1300 360 149** or go to caresuper.com.au to learn more.

Government co-contributions

If your annual salary is less than \$61,920, you may also be eligible for a government co-contribution.

This means that if you contribute to your super, the government may also contribute up to \$1000 (see table) to help you along! To be eligible you must, for the current financial year:

- Make after-tax personal contributions by 30 June each year (and you must not claim a tax deduction for the contributions)
- Lodge an income tax return for the financial year

- Have at least 10% of your assessable income from eligible employment*
- Have assessable income, reportable employer super contributions and reportable fringe benefits of less than \$61,920 (for the financial year 2011/12)
- Not be a temporary resident, and
- Be less than 71 years old when you make the contributions.

➔ A Super co-contributions fact sheet is available from our website at caresuper.com.au.

* Eligible employment may include some forms of self-employment. To find out if you are eligible or to find out more about the government's co-contribution, refer to the ATO website at ato.gov.au

Use this table to work out what super co-contribution you may be entitled to receive from the government:

	If your personal super contribution is:			
	\$1,000	\$800	\$500	\$200
And your income is: Your super co-contribution will be:				
\$31,920	\$1,000	\$800	\$500	\$200
\$33,920	\$933	\$800	\$500	\$200
\$35,920	\$867	\$800	\$500	\$200
\$37,920	\$800	\$800	\$500	\$200
\$39,920	\$733	\$733	\$500	\$200
\$41,920	\$667	\$667	\$500	\$200
\$43,920	\$600	\$600	\$500	\$200
\$45,920	\$533	\$533	\$500	\$200
\$47,920	\$467	\$467	\$467	\$200
\$49,920	\$400	\$400	\$400	\$200
\$51,920	\$333	\$333	\$333	\$200
\$53,920	\$267	\$267	\$267	\$200
\$55,920	\$200	\$200	\$200	\$200
\$57,920	\$133	\$133	\$133	\$133
\$59,920	\$67	\$67	\$67	\$67
\$61,920	\$0	\$0	\$0	\$0

SOURCE: www.ato.gov.au effective for the 2011/12 year.

This information is valid for the year 2011/12 tax year. For co-contributions applicable for other years, please refer to the ATO website.

Spouse contributions

A spouse can make contributions to your super on your behalf. These contributions not only help to grow your super but may receive up to an 18% tax offset (up to a maximum of \$3,000) for your contributing spouse.

➔ Please see the **Spouse contribution advice form** at caresuper.com.au/PDS for further detail.

There are limits on the contributions that can receive concessional tax treatment. Spouse contributions are included when calculating whether the receiving spouse has exceeded the contribution limits.

Contribution caps

There is no limit on the amount of contributions which can be made to super. There are, however, limits on the amount of contributions that can receive concessional tax treatment. These limits are known as contribution caps.

Where super contributions exceed the annual limits set by the government, you could incur significant extra tax on the amount that exceeds the contribution caps.

To track your contributions and see the updated total that has been contributed to your CareSuper account during a financial year, log on to MemberOnline at caresuper.com.au. MemberOnline also allows you to check your account balance, change personal details and investment choices and view nominated beneficiaries.

Don't forget! If you've made contributions to other super funds during the financial year, those contributions will also count towards your contributions cap. The limit is applied per person and not per super fund account.

↔ Details on excess contributions tax are provided in **Tax and super** at caresuper.com.au/PDS.

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Need help?

There can be a lot to consider when contributing to your super, so we encourage you to obtain professional financial advice. A professional financial planner will take your personal circumstances into account and will help you understand your options.

CareSuper members can receive super-related advice[†] and information over the phone at no extra cost. To speak to a financial planner about your contributions strategy and find out how to grow your retirement savings in a tax-effective way, call the CareSuperLine on **1300 360 149** to be put in touch with your local financial planner.

[†] We offer this service through our relationship with Industry Fund Financial Planning, a division of Industry Fund Services Pty Ltd (IFS) ABN 54 007 016, AFSL 232514. Advice is provided under the authority of IFS's AFS licence. The Trustee of CareSuper is not responsible for this advice.



↔ The information in this document forms part of the following CareSuper Product Disclosure Statements (PDS):

- Member Guide PDS dated 30 November 2011
- CIA 5 unit PDS dated 30 November 2011
- CIA 6 unit PDS dated 30 November 2011
- CIA A PDS dated 30 November 2011
- CIA B PDS dated 30 November 2011
- CIA C PDS dated 30 November 2011
- CIA D PDS dated 30 November 2011

call 1300 360 149 visit caresuper.com.au