



Why super is important

You may think of super as just 9% of your salary that you can't access. But it's important to remember – it's your money, it's just being held for you until you retire.

What is super?

Superannuation (or super, as we like to call it) is simply money – your money – put away for your retirement.

A super fund, like **HOSTPLUS**, invests the money in your super account for you, so it can grow over time.

Because your super account is built over your entire working life, it's likely to be one of the largest investments you'll ever have - for some people it's almost 50 years of saving!

Who gets super?

Generally, all employees aged between 18 and 70, who are paid \$450 (before-tax) or more in a calendar month are covered by the Super Guarantee (SG) legislation, irrespective of whether working full-time, part-time or on a casual basis.

The SG age limit of 70 will be removed from 1 July 2013, and employers will be required to contribute to complying super funds for eligible mature age employees aged 70 and older. To find out more about who can get super visit hostplus.com.au/super/super101

How does the money get into my super account? Does it come out of my pay?

Your super account is made up of compulsory contributions (sometimes called Super Guarantee contributions) that your employer makes for you by law when you're working and are eligible.

This money comes from your employer and it's in addition to your salary – it doesn't come from your pay packet.

Super Guarantee law was created to ensure all Australians have some kind of savings in retirement – the government knew that not everyone would save for their future if it wasn't compulsory and therefore relying on the age pension probably wasn't going to be enough for most people.

How much super should I get?

The amount of your employer's contributions is required to be at least 9% of your ordinary time earnings (i.e. 9% of your salary). To help increase future retirement incomes for Australian workers, the SG rate will be increased gradually from 9% to 12% over the next 7 years. The first increment will be 0.25% from 1 July 2013. By 2020 eligible employees should receive 12% of their salary as employer super contributions.

To see the benefits of increasing your contributions now visit hostplus.com.au/benefits-of-12

Won't I get a government pension payment when I retire?

For most people, the age pension won't be enough to maintain your current lifestyle or the kind of lifestyle you'd like to have when you retire.

Even the Government knows that the age pension won't be enough for most people, so they encourage you to maximise your retirement savings by providing generous tax advantages for extra super contributions you make and through initiatives like:

- the Government co-contribution scheme
- salary sacrifice
- spouse contributions
- super splitting
- low income superannuation contribution

Can I access my super at anytime?

By law, you can't access super until you retire, so it's a great way to save for your future, knowing that you can't dip into it for anything else.

Generally, your super money is preserved in a super or rollover fund until you retire from the workforce on/or after reaching your preservation age, which varies between 55 and 60 years of age, depending on your birth date (see table below). If you are born after June 1964 your preservation age will be 60.

After June 1964	Preservation age
After June 1964	60
July 1963 – June 1964	59
July 1962 – June 1963	58
July 1961 – June 1962	57
July 1960 – June 1961	56
Before July 1960	55

What are the benefits of saving through super?

Certain advantages make saving through superannuation more tax-effective than other investments, which means your savings could grow faster. For example, any contributions your employer makes, as well as any returns you earn on your super, are taxed at a maximum of 15%, rather than at your marginal tax rate which could be as high as 45% (excluding Medicare Levy).

If you make super contributions on your own, you could also be eligible for special tax concessions.

Having your super locked away until you reach retirement ensures your savings will be used for one purpose only – to help you achieve your financial goals and secure the retirement you're looking forward to.

Why is super so important?

As it's unlikely that the government Age Pension alone will give you the financial independence you deserve for the 20 or more years you're likely to spend in retirement, superannuation is key. The main idea behind superannuation is to help you build a nest egg which you can then use to create an income in retirement. Including it as part of your financial plans can be important for a number of reasons:

- The Age Pension may not be enough for a comfortable retirement (\$18,077* pa or \$695.30 a fortnight for a single person from 20 March 2012)
- You may spend over twenty, thirty or forty years in retirement and your money will need to last
- Because super enjoys the benefits of compound interest and a long investment timeframe, it could be your largest asset by the time you retire
- The government offers attractive tax incentives.

Beware of the caps

There are caps on the amount of concessional (before-tax) and non-concessional (after-tax) contributions you can make each year.

Visit hostplus.com.au or call 1300 HOSTPLUS (1300 467 875) to find out more.

Your super is your money

This fact sheet from HOSTPLUS is designed to help you understand and make more of your super. For other fact sheets or if you have any questions, please call 1300 HOSTPLUS (1300 467 875) or visit hostplus.com.au

*Source: http://www.centrelink.gov.au/internet/internet.nsf/payments/age_rates.htm as at 20 March 2012

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