

October 2011

SuperTODAY



Are you
heading for a
baked beans
retirement?



Give your other super funds the flick.
Get it together and go to the movies on us*.

*Visit www.childcaresuper.com.au/rollover-movies



Child
Care
Super



Welcome

As we wave goodbye to the 2010/11 financial year, it's promising to see that Child Care Super has performed positively over this time delivering solid returns and strong growth that boosted our members' account balances. Since this time markets have been quite volatile. To help answer any questions you may have about how recent events may affect your account balance please refer to the website for more information.

We understand that for many of us it's hard to imagine life after work and super is probably a low priority. However taking control and some smart planning now can make a huge difference to your wealth and lifestyle down the track.

This edition of Super Today includes some tips on how to make your super stronger, and what you need to do to get yourself out of a 'baked beans' lifestyle when you finally stop working.

Check out some of our member benefits by visiting the website at www.childcaresuper.com.au

As always, please contact us if you have any questions.



Theresa P Mills
General Manager
Guild Financial Services
For Child Care Super



Super rules update

- **3% more into your super account**

The proposed increase to the Superannuation Guarantee (SG) from the current 9% to 12% will be made in increments starting from the 2013/14 financial year, and reaching the full 12% by 2019/20.

- **Earn less? Get more from the government!**

Another freeze in the income thresholds for the government's co-contribution this year means your voluntary contribution can still be matched dollar for dollar. Individuals earning less than \$61,920 p.a are eligible for a contribution of up to \$1,000 for the financial year 2011/12

- **Stronger Super**

The government has announced a number of new reforms collectively known as **Stronger Super** to streamline the nation's superannuation system and improve its efficiency. From 1 July 2011, **SuperStream** is being rolled out allowing super funds to use tax file numbers to locate members' duplicate accounts. In early 2012, the government is looking to put in place an auto-account consolidation to reduce the number of duplicate accounts in the system.

MySuper, a simple default super alternative is expected to be introduced from 1 July 2013.

Are you heading for a baked beans retirement?

Many of us may remember living on cans of baked beans during university or undertaking a traineeship whilst working towards a dream job. Looking back, those days seemed like the best years of our lives... BUT, imagine many years down the track and still living that same lifestyle – doesn't seem that much fun now, does it?

We all know super is important and for many of us retirement may seem a LONG way from now. But with the ever increasing costs of living – will you have saved enough to live a modest lifestyle when you retire?

Unfortunately, for most of us, the compulsory 9% of our pay put aside for retirement is not enough to get us out of the baked beans lifestyle. In today's day and age, it is estimated that you need an income of \$31,519¹ a year to live a 'mediocre' retirement.



* The case study outlined above is a general illustration only. Your actual situation may differ from the assumptions made and therefore results are not guaranteed in any way. Calculations are based on an account balance at age 25 of \$5,000, SG contributions at 9% on an annual salary of \$27,000 and a wage growth of 4% p.a. compounded over 30 years and life expectancy of 92 years. Investment returns based on 7% p.a. (net of taxes), investment fee of 0.6% and insurance and admin fee of \$150 p.a. Sasha's additional contributions example also includes personal contributions of \$40 per week for 40 years (age 25-65).

¹ Source: The ASFA Retirement Standard, ASFA Research and Resource Centre, September 2011



Let's look at Sasha's situation*

Sasha is 25 years old, earns \$27,000 p.a. and her super balance today is \$5,000. Her average life expectancy

is 92 and during her life she is expected to take a 5 year break to start a family.

If Sasha relies only on the 9% contributions her employer puts into her super account, she will retire with a benefit of \$119,000 (in today's dollars). She wants to live comfortably at retirement so decides an income of \$31,000 a year would be required. In Less than 10 years into her retirement her money will run out - leaving almost 20 years of retirement and just relying on the government pension!

However, if Sasha puts away \$40 extra per week of her own money into her super she will retire with an account balance of \$260,000. If she draws the same income amount at retirement her super benefit will last until she turns aged 92! Now wouldn't you want that sort of retirement?

It's easy to see the big difference a little sacrifice can make to your future. Contributing a small amount now, like \$40 a week – could get you out of a 'baked beans' lifestyle when you finally stop working. So the day your working life starts winding down you can start living it up with all the money you saved.

There are a number of ways you can put aside that \$40 per week. For more information visit www.childcaresuper.com.au/make-a-super-contribution

Want to know how much you could have in retirement? Use the online calculators via Member Online.

Work it honey! A 3-step program to a stronger super.

With summer just around the corner our motivation to get into shape is reaching a peak. After all, you want to be in your best form for the beach and a season of summer parties and BBQs. While you're putting a routine together to get your body into shape, it's also a great time to think about your super.

This year we will see the initial rollout of the government's new reforms – Stronger Super. A series of initiatives will be rolled out to help make the nation's superannuation system stronger, more efficient and increase members' retirement outcomes. Some initiatives include the use of Tax File Numbers as an account locator and an auto-consolidation process to reduce duplicate accounts in the system.

How will your super shape up? Get ahead of the crowd with our 3-step program to get your super in shape for Stronger Super.



1

Consolidate your accounts

Did you know that the average Australian holds approximately three super accounts? That's three sets of fees and insurance you could be paying to more than one super fund – adding up to hundreds of dollars a year!

By consolidating (or rolling over) all of your super into one easy Child Care Super account you could reduce the number of fees you pay and decrease paperwork. Remember to check any exit fees or changes to your insurance cover before making any decision to consolidate your super accounts. You may wish to speak to a financial adviser before making your decision.

Fix it now!

Complete the rollover form in your mail pack and get the process going[^].

2

Search for lost super

It's estimated that there is around \$13.6 billion dollars worth of lost super out there – some of which could belong to you.

Fix it now!

To find out if you have any unclaimed super money, visit www.ato.gov.au/superseeker. All you need is your Tax File Number. If you find any money, put the details on a Rollover Form and send it to us and we'll ensure the money gets paid into your Child Care Super account[^].

[^] Remember to check any exit fees or changes to your insurance cover when you close an account. You may wish to speak to a financial adviser before making any decisions.

3

Boost your balance

Top up your account by making a personal contribution (after-tax) and you could double your dough. The government's co-contribution scheme will match the additional money eligible members put into their super account, dollar for dollar, up to \$1,000.

Fix it now!

Are you eligible? Visit www.childcaresuper.com.au/co-contribution for more information.



Make sure you keep up the healthy pulse on your account. You can easily check your balance, make transactions and update your details via Member Online at www.childcaresuper.com.au/members

Make your cash go even further

Our Cash Karma financial education program is designed to increase your knowledge of all things financial, like information on budgeting, saving, borrowing money and much more.

Jump online, register your details and go in the monthly prize draw to win a **\$100 Woolworths Wish Card***. It's that simple!

Visit:

www.childcaresuper.com.au/cash-karma

*Terms and conditions apply. See the website for more details.

cash karma



Child Care Super

GPO Box 2788

Melbourne VIC 3001

Telephone **1800 060 215**

Facsimile 1300 722 581

info@childcaresuper.com.au

www.childcaresuper.com.au



* Terms and conditions apply. Please visit www.childcaresuper.com.au/competitions for more details. To be eligible for entry into the prize draw, members must rollover a minimum of \$1,000 into their Child Care Super account in the campaign period.

Remember to check any exit fees or changes to your insurance cover when you close an account. You may wish to speak to a financial adviser before making any decisions.

If you're consolidating your superannuation accounts, remember to check any exit fees or changes to your insurance cover when you close an account. You may wish to speak to a licensed, or appropriately authorised, financial adviser before making any decisions.

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Fund Registration No. R1000030. ABN 22 599 554 834.

