



Milton (aged 43)

Milton has been a member of SASS since 1992 (22 years) and has accrued 60 benefit points to date. He plans to retire in 15 years when he reaches age 58. If Milton maintains his current contribution rate of 3% p.a. he will have accrued 105 benefit points.

However, Milton could increase his after-tax contribution rate to 8% p.a. in order to catch up and retire with maximum benefit points.

Let's assume he has a final average salary (FAS) of \$82,000 (in today's dollars) and he has a current personal account balance of \$65,000, the table below explains what Milton may gain by increasing his contribution rate (in today's dollars).

	Before	After
Final average salary (FAS)	\$82,000	\$82,000
Current benefit points	60	60
Contribution rate (p.a.)	3% (\$2,460)	8% (\$6,560)
Projected benefit points at retirement	105	180
Projected employer-financed benefit (EFB) ¹	\$182,532	\$312,912
Projected personal account ²	\$147,021	\$223,277
Projected total SASS benefit	\$329,553	\$536,189
Projected basic benefit (BB) ³	\$77,367	\$77,367
Potential benefit of additional contributions		\$206,636

1. EFB = approximately 2.12% x FAS x accrued benefit points (after reduction for the tax on employer contributions payable by the fund since 1 July 1988).
2. In today's dollars, assuming a net earning rate of 6% p.a. discounted for increases in the Consumer Price Index (CPI) of 3% p.a.
3. In addition to the SASS benefit, a basic benefit of 3% x FAS x years of membership (since 1 April 1988) is also payable (approximately 2.55% after reduction for the tax on employer contributions payable by the fund).

Note: Benefits tax may apply if you receive your benefit before age 60.

Based on these assumptions, increasing his contribution rate from 3% to 8% (at an extra cost of \$4,100 per year or \$61,500 over the 15 years until retirement), Milton's SASS benefit could be improved by approximately **\$206,600**.

Important note: The case study above is provided by way of example only and is based on the factors stated. You should not rely on this in any way.

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