



## Lisa (aged 54)

Lisa has been a member of SASS since 1992 (22 years) and has accrued 108 benefit points to date. She plans to retire in 8 years when she reaches age 62. If Lisa maintains her current contributions at 4% p.a. she will have accrued 140 benefit points.

However, Lisa could increase her after-tax contribution rate to 9% p.a. in order to catch up and retire with maximum benefit points.

Let's assume Lisa's final average salary (FAS) is \$65,000 (in today's dollars) and she has a current personal account balance of \$80,000. The table below explains what Lisa may gain by increasing her contribution rate (in today's dollars).

	Before	After
Final average salary (FAS)	\$65,000	\$65,000
Current benefit points	108	108
Contribution rate (p.a.)	4% (\$2,600)	9% (\$5,850)
Projected benefit points at retirement	140	180
Projected employer-financed benefit (EFB) <sup>1</sup>	\$192,920	\$248,040
Projected personal account <sup>2</sup>	\$124,462	\$153,362
<b>Projected total SASS benefit</b>	<b>\$317,382</b>	<b>\$401,402</b>
Projected basic benefit (BB) <sup>3</sup>	\$49,725	\$49,725
<b>Potential benefit of additional contributions</b>		<b>\$84,020</b>

1. EFB = approximately  $2.12\% \times \text{FAS} \times \text{accrued benefit points}$  (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  $3\% \times \text{FAS} \times \text{years of membership}$  (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 her contribution rate from 4% to 9% (at an extra cost of \$3,250 per year or \$26,000 over the 8 years until retirement), Lisa's SASS benefit could be improved by approximately \$84,000.

**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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