



## Nick (aged 50)

Nick has been a member of SASS (and a predecessor scheme) since 1986 (28 years) and has accrued 90 benefit points to date. He plans to retire in 10 years when he reaches age 60. If Nick maintains his current contributions at 1% p.a. he will have accrued 100 benefit points.

However, Nick could increase his after-tax contribution rate to 9% p.a. in order to catch up and retire with maximum benefit points. Let's assume Nick's final average salary (FAS) is \$76,000 (in today's dollars) and he has a current personal account balance of \$65,000. The table below explains what Nick may gain by increasing his contribution rate (in today's dollars).

	Before	After
Final average salary (FAS)	\$76,000	\$76,000
Current benefit points	90	90
Contribution rate (p.a.)	1% (\$760)	9% (\$6,840)
Projected benefit points at retirement	100	180
Projected employer-financed benefit (EFB) <sup>1</sup>	\$161,120	\$290,016
Projected personal account <sup>2</sup>	\$96,067	\$165,767
<b>Projected total SASS Benefit</b>	<b>\$257,187</b>	<b>\$455,783</b>
Projected basic benefit (BB) <sup>3</sup>	\$69,768	\$69,768
<b>Potential benefit of additional contributions</b>		<b>\$198,596</b>

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 1% to 9%, at an extra cost of \$6,080 per year or \$60,800 over the 10 years until retirement), Nick's SASS benefit could be improved by approximately \$198,600.

**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.

Please note that SAS Trustee Corporation (STC) is not licensed to provide financial product advice in relation to State Super Schemes. Reasonable care has been taken in producing the information in this document and nothing in this document is intended to be or should be regarded as personal advice. In preparing this document, STC has not taken into account your objectives, financial situation or needs. You should consider your personal circumstances and seek professional advice before making any decision that affects your future.