



Lauren (aged 48)

Lauren has been a member of SASS since 1990 (24 years) and has accrued 110 benefit points to date. She plans to retire in 10 years when she reaches 58. If Lauren maintains her current contributions of 5% p.a. she will have accrued 160 benefit points by retirement.

However, Lauren could increase her after-tax contribution rate to 7% p.a. in order to catch up and retire with maximum benefit points.

Let's assume a final average salary (FAS) of \$85,000 (in today's dollars) and a current personal account balance of \$100,000. The table below compares the benefits of Lauren increasing her contribution rate compared to her current arrangements, based (in today's dollars).

	Before	After
Final average salary (FAS)	\$85,000	\$85,000
Current benefit points	110	110
Contribution rate (p.a.)	5% (\$4,250)	7% (\$5,950)
Projected benefit points at retirement	160	180
Projected employer-financed benefit (EFB) ¹	\$288,320	\$324,360
Projected personal account ²	\$183,113	\$202,602
Projected total SASS Benefit	\$471,433	\$526,962
Projected basic benefit (BB) ³	\$73,695	\$73,695
Potential benefit of additional contributions		\$55,529

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 5% to 7% (at an extra cost of \$1,700 per year or \$17,000 over the 10 years until retirement), Lauren's SASS benefit could be improved by approximately **\$55,500**.

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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