



Jeffrey (aged 59)

Jeffrey has been a member of SASS since 1990 (24 years) and has accrued 126 benefit points to date. He plans to retire in 6 years when he reaches 65. If Jeffrey maintains his current contributions at 4% p.a. he will have accrued 150 benefit points at retirement.

However, Jeffrey 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 Jeffrey's final average salary (FAS) is \$80,000 (in today's dollars) and he has a current personal account balance of \$144,000. The table below explains what Jeffrey may gain by increasing his contribution rate (in today's dollars).

	Before	After
Final average salary (FAS)	\$80,000	\$80,000
Current benefit points	126	126
Contribution rate (p.a.)	4% (\$3,200)	9% (\$7,200)
Projected benefit points at retirement	150	180
Projected employer-financed benefit (EFB) ¹	\$254,400	\$305,280
Projected personal account ²	\$192,642	\$218,516
Projected total SASS benefit	\$447,042	\$523,796
Projected basic benefit (BB) ³	\$61,200	\$61,200
Potential benefit of additional contributions		\$76,754

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, if Jeffrey increases his contribution rate rate from 4% to 9% (at an extra cost of \$4,000 per year or \$24,000 over the 6 years until retirement) his SASS benefit could be improved by approximately **\$76,700**.

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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