



## Helen (aged 60)

Helen has been a member of SASS since 1992 (22 years) and has accrued 88 benefit points to date. Helen plans to retire when she reaches age 62. If Helen maintains her current contributions at 2% p.a. she will have accrued 92 benefit points.

However, Helen could increase her after-tax contribution rate to 9% p.a. in order to catch up and maximise her employer-financed benefit by retirement. Let's assume Helen's final average salary (FAS) is \$88,000 (in today's dollars) and her current personal account balance is \$77,000. The table below explains what Helen may gain by increasing her contribution rate (in today's dollars).

	Before	After
Final average salary (FAS)	\$88,000	\$88,000
Current benefit points	88	88
Contribution rate (p.a.)	2% (\$1,760)	9% (\$7,920)
Projected benefit points at retirement	92	106
Projected employer-financed benefit (EFB) <sup>1</sup>	\$171,635	\$197,754
Projected personal account <sup>2</sup>	\$85,262	\$97,767
<b>Projected total SASS benefit</b>	<b>\$256,897</b>	<b>\$295,521</b>
Projected basic benefit (BB) <sup>3</sup>	\$53,856	\$53,856
<b>Potential benefit of additional contributions</b>		<b>\$38,624</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, by increasing her contribution rate from 2% to 9% (an extra cost of \$6,160 per year or \$12,320 over the 2 years until retirement), Helen's SASS benefit could be improved by approximately **\$38,600**.

**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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