



Superannuation 101: Your guide to a happy retirement

Superannuation is a handy way of saving for retirement, so that you'll have an income to live on once you're no longer working.

Your employer must pay a portion of your earnings into your superannuation fund, which invests them on your behalf.

HOW MUCH SUPERANNUATION WILL I BE PAID?

In Australia, your employer is required by law to pay your super contributions once a quarter.

The current superannuation guarantee (SG) rate is 9.5%. So, your employer must pay a minimum of 9.5% of your ordinary time earnings (OTE) to a complying superannuation fund or retirement savings account.

CAN I ADD TO MY SUPER?

Yes, you can! Making personal contributions to your superannuation is a great way to reach your retirement goals sooner.

One way to do this is through a salary sacrifice arrangement with your employer. This simply means that you pay an agreed amount from your pre-tax salary into your chosen superannuation fund with each pay. It's a very tax-effective way to add to your super, as these contributions only attract tax at 15% (up to a certain level), which is generally less than your marginal tax rate. How much to contribute depends on several factors, including how long until you want to retire and your retirement goals. Speaking to a financial planner can help you evaluate the best options for you.

SUPERANNUATION CO-CONTRIBUTION

You may also be eligible for contributions from the government to help you save for retirement. The super co-contribution and the low-income superannuation tax offset are both ways the government can add to your super. Find out more about government contributions on the ATO website.

HOW MUCH SUPER DO I NEED TO RETIRE COMFORTABLY?

Research shows that many of us underestimate how much we'll need to live comfortably in retirement.

According to the MoneySmart website, how much you'll need depends on your big costs in retirement and the type of lifestyle you want to have. "If you own your own home, a rule of thumb is that you'll need two-thirds (67%) of your pre-retirement income to maintain the same standard of living."

The Association of Superannuation Funds of Australia (ASFA) estimates that single people will need just over \$44,000 a year to be comfortable, while a couple will need just over \$62,000 (excluding housing costs).

A 'comfortable' lifestyle is defined as one where you're able to take part in a range of leisure and recreational activities, while maintaining a good standard of living i.e. you can afford to purchase household goods, private health insurance, a reasonable car, clothes and domestic or occasional international travel.

WHEN CAN I ACCESS MY SUPERANNUATION?

You've spent years building up your nest-egg, so when can you make use of it? You can access your super once you meet one of the following conditions:

- when you turn 65 (even if you haven't retired)
- when you reach the preservation age and retire; or
- under the transition to retirement rules, while continuing to work.

There are also some special circumstances where you may be able to access your super early, such as severe financial hardship, including COVID-19.

Source: Money & Life

If you have any questions about your super, give Shaun or Vicky from **Evans Edwards Financial Advisors | Wealth Creators** a call on 4927 4588.

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.



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