

The basics of super

This fact sheet provides a quick overview of the basics of superannuation.



What is super?

Super is a long-term investment designed to provide you with money for retirement.

Your super starts to build up from the time you start work, because that's typically when your employer starts to make compulsory contributions to super on your behalf.

The current minimum compulsory contribution, known as the superannuation guarantee or SG, is 9.5% of your salary rising gradually to 12% by 1 July 2025 as shown below:

Period	SG % increase
1 July 2017 - 30 June 2021	9.5%
1 July 2021 - 30 June 2022	10.0%
1 July 2022 - 30 June 2023	10.5%
1 July 2023 - 30 June 2024	11.0%
1 July 2024 - 30 June 2025	11.5%
1 July 2025 onwards	12.0%

The main advantage of super is that, generally speaking, the earnings on money invested in super are taxed at a lower rate than earnings on money invested outside super. Income from non-super investments is taxed at your **marginal tax rate**, which depends on your income level.

The current marginal tax rates are shown in the table.

Current financial year	Tax rate ¹
Income up to \$18,200	Nil
Income from \$18,201 to \$37,000	19.0%
Income from \$37,001 to \$90,000	32.5%
Income from \$90,001 to \$180,000	37.0%
Income over \$180,001	45.0%

¹excludes Medicare levy and other levies

When you retire, you can withdraw your super (after taxes and other charges) as a **lump sum**, as an **income stream** or a **combination** of both.

Why is super important?

Age pension may not be enough

The maximum age pension is currently \$21,933 a year for singles and \$33,066 for couples. These amounts, according to estimates prepared by the Association of Superannuation Funds of Australia (ASFA), are unlikely to fund even a modest lifestyle in retirement.²

Budgets for comfortable and modest retirement lifestyles

	Comfortable	Modest
Singles	\$43,255 a year	\$27,646 a year
Couples	\$61,061 a year	\$39,848 a year

² Source: Association of Superannuation Funds of Australia, March quarter 2019. These numbers are updated each quarter. For the latest figures, go to www.superannuation.asn.au/resources/retirement-standard

We're living longer

Our longer life expectancy is good news but it also means that we'll spend longer in retirement. For some, retirement could be 30 years or more, so our money will need to last the distance. The more you can save, the easier it will be to fund a long retirement.

Inflation

The impact of inflation means you might need to save more than you expect. Over time, the cost of goods and services gradually rises due to inflation. So even though your super balance might seem like a lot in today's dollars, you'll need to take rising living costs into account for the years ahead.



When can you access your super?

Your super is to be used to provide money for your retirement so, any money you put into super must stay there until you reach your preservation age. Your preservation age depends on your date of birth, as shown in the table.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

If you **retire permanently** after reaching your preservation age, you can access all your super as either a lump sum or an income stream (pension).

If you **reach your preservation age but don't retire**, you can access your super as a transition to retirement income stream (pension) but generally not as a lump sum. There are rules governing the minimum and maximum amounts you can withdraw as a transition to retirement income stream. Refer to our Member Booklet for transition to retirement income stream members.

If you **leave an employment arrangement after you reach 60**, you can also access all your super. However, if you have another job at the time or start working again, any money you save in super (including earnings) from that time will be preserved. You can access these new savings when you leave an employer again, reach 65 or start a transition to retirement income stream.

In other limited circumstances, you may be able to access some of your benefit, although strict conditions apply. For details about this, see our fact sheet *Accessing your super*.

Are you dealing with a MySuper authorised fund?

Where the employee has not nominated a fund of their choice, all SG contributions must be paid to a MySuper authorised fund. First State Super is a MySuper authorised fund, which means that we meet certain standards for fees and costs, investment options, insurance and member communication.

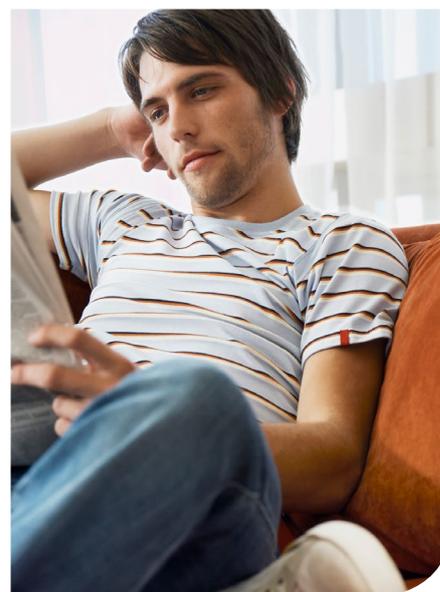
How do you know your super is safe?

There are two main regulators that ensure funds comply – the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

Super funds must also have fraud management policies and procedures in place to ensure they are protected.

First State Super is a 'complying superannuation fund', which means that we comply with federal laws that safeguard the interests of members.

A board of directors oversees the fund's activities to make sure the rights and interests of members are protected at all times and that it is administered according to the trust deed and superannuation legislation.



There are several things you can do right now to grow your super, such as making voluntary personal contributions, consolidating your super into one fund and choosing the right investment option.

To find out more, visit firststatesuper.com.au/contribute.

We're here to help!

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Super can be quite complicated and sometimes you just want to know that you're making the right decisions. Because the right decisions about your super can make a real difference to your financial future.

So if you've got any questions, or you just want the comfort of knowing you're on the right track, getting some advice can help.

StatePlus¹ is our financial planning business and is wholly owned by us. The team at StatePlus can answer simple questions about your super over the phone, or if your situation is more complex, prepare a full financial plan for you. It's all up to you, no obligation. Book online at firststatesuper.com.au/advice or call **1800 620 305** (Monday to Friday 8.15am to 8.15pm AEST/AEDT) to arrange an appointment.

¹ Financial planning services are provided by our financial planning business, State Super Financial Services Australia Limited, trading as StatePlus ABN 86 003 742 756 AFSL No. 238430. StatePlus is wholly owned by First State Super.

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