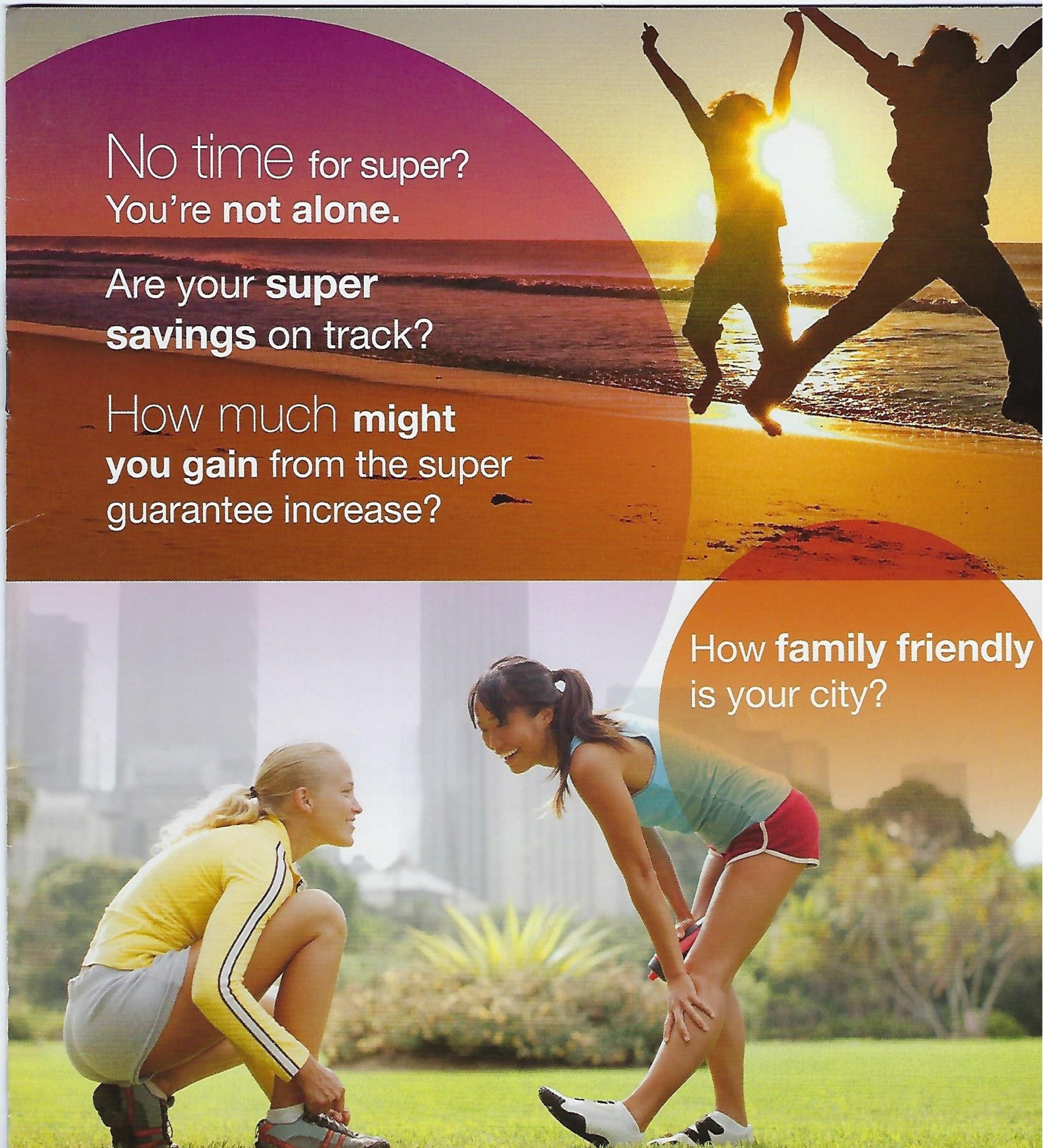


Asteron Life

Super News

AUTUMN 2013

Do you have a 'Super Baby Debt'?

Women who have children are automatically at a disadvantage when it comes to their super balance – to the tune of up to $50,000 at retirement. But there is a way you can get it back.

Being a mother can be an expensive occupation. Not only are there all the costs associated with raising and educating a child, but there's also the lost income from being out of the workforce for extended periods.

And then there's super. All that time not earning a salary can put a serious dent in working mums' retirement savings.

Suncorp has estimated that a 32-year old woman who spends two years out of the workforce will reduce her retirement savings by up to $50,000.

The amount of this 'Super Baby Debt' depends on how much you earn:

Mother's current salary	Super Baby Debt (at retirement)[1]
$65,000 per year	$28,000
$85,000 per year	$36,500
$115,000 per year	$50,000

Making up the difference

The good news is that women have options when it comes to improving their retirement lifestyles. While the 'Super Baby Debt' can really erode a woman's nest egg, they have the power to overcome it by following the 'One Per Cent Rule'.

The rule is that, for every two years out of the workforce, women need to make an additional 1% super contribution for the rest of their working life.[2]

How do you apply the One Per Cent Rule?

One simple way is to start a salary sacrifice arrangement with your employer.

For example, if you currently earn $85,000 per year, your employer is putting $7,650 into your super account each year – based on the compulsory 9% employer super contribution.

If you plan on having two years out of the workforce, you would need to salary sacrifice $850 per year to take your contributions up to 10%. That's less than $20 per week.

To find out more about how you can boost your super, talk to your financial adviser.

1. Calculated using the Super Guru Retirement Projector based on comparisons on three scenarios of a woman 32 years old, two years out of the workforce at salaries as follows: a) $65,000 salary (super baby debt $28,000); b) $85,000 salary (super baby debt $36,500); c) $115,000 salary (super baby debt $50,000) compared to a woman 32 year old, same salaries and super balances, and no time out of the workforce.
2. Assumes parental leave is taken from ages 32-33 and retirement at 65.

Time for super… or not?

Are you too busy (or let's be honest, do you lack the inclination) to give much thought to your super, yet know you probably should? Are you worried about whether your super savings are on track and if you'll have enough money to enjoy life after work?

If so, you're not alone. 49% of Gen X and even 42% of Gen Y feel the same way.*

The good news is that doing something about your super can be far less painful than you think, with a little effort potentially resulting in massive gains later.

Take a look at the second column in the tables below or on the following pages (depending which scenario is closest to your age).

Then ask yourself: can you really not be bothered?

Scenario 1

Tara, aged 30

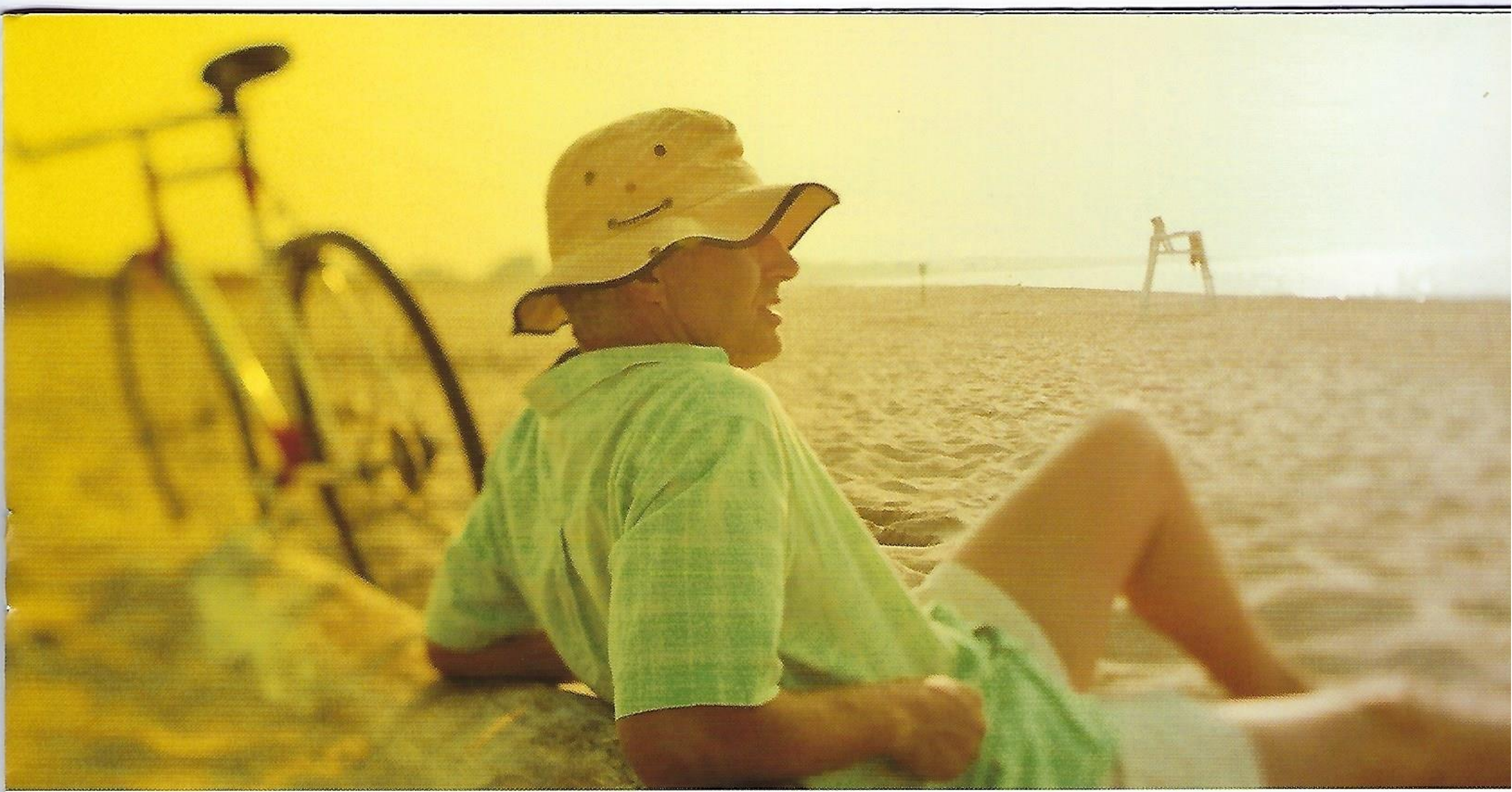
Tara earns $50,000 per year salary from her telecommunications industry employer. Her super balance is $25,000, not that she pays it much attention. But she has a sneaking feeling she probably should.

The table below shows how much extra money a 30-year-old, like Tara, potentially stands to eventually gain by spending just a bit of time now on their super.

Strategy	Potential extra cash at age 65	Relative effort involved in implementing strategy	What do you have to do?
Increased compulsory employer super contributions	$164,855	Zero	You don't have to do a thing. This is a legislated Government initiative whereby your employer will gradually increase your contributions from 9% to 12% by 2019.
Switch investment option from a 'balanced' to a 'growth' option	$365,282	Low	You can do it all yourself online. Log in to your account via the WealthSolutions login at the top right corner of asteronlife.com.au. Or download an investment change form at asteronlife.com.au
Start salary sacrificing 5% of your salary	$333,397	Low	Contact your employer's HR or payroll department. It's usually a simple matter of filling in a quick form.
Start salary sacrificing 10% of your salary	$666,802	Low	As above.
Reclaim lost super	$18,384	Medium	Go to the 'SuperSeeker' online tool at ato.gov.au/superseeker. (You'll need your tax file number.) You can then transfer any lost super into your Asteron account, as per below.
Combine multiple super accounts into your Asteron account	$20,905 (and a lot less super paperwork every year!)	Low/Medium	Do most of it online at asteronsuperrollover.com.au OR download a rollover form via asteronlife.com.au

Important: you should read the assumptions and explanatory notes about each strategy on the inside back cover of this booklet before making any changes to your super. Of course, you can always discuss your super savings plan with your financial adviser before making any decisions.

*Suncorp 'Attitudes to Super' survey 2012



Scenario 2

Mark, aged 40

Mark works in construction and earns $75,000 a year. He has a super balance of $70,000. His life is frantically busy, what with working long hours and having a young family to look after. For some time now he's had a nagging worry that he needs to do something about his super. But he fears it will be too complicated and time consuming so finds it all too easy to put it off.

The table below shows how much extra money a 40-year-old, like Mark, potentially stands to eventually gain by finding a bit of time now to sort out their super.

Strategy	Potential extra cash at age 65	Relative effort involved in implementing strategy	What do you have to do?
Increased compulsory employer super contributions	$108,428	Zero	You don't have to a thing. This is a legislated Government initiative whereby your employer will gradually increase your contributions from 9% to 12% by 2019.
Switch investment option from a 'balanced' to a 'growth' option	$242,143	Low	You can do it all yourself online. Log in to your account via the WealthSolutions login at the top right corner of asteron.com.au. Or download an investment change form at asteronlife.com.au
Start salary sacrificing 5% of your salary	$232,089	Low	Contact your employer's HR or payroll department. It's usually a simple matter of filling in a quick form.
Start salary sacrificing 10% of your salary	$464,180	Low	As above.
Make a $5,000 one-off after tax contribution	$19,177	Low	You can make a payment into your super via BPAY, or by downloading a direct debit request form at asteronlife.com.au
Reclaim lost super	$10,738	Medium	Go to the 'SuperSeeker' online tool at ato.gov.au/superseeker. (You'll need your tax file number.) You can then transfer any lost super into your Asteron account, as per below.
Combine multiple super accounts into your Asteron account	$11,966 (and a lot less super paperwork every year!)	Low/Medium	Do most of it online at asteronsuperrollover.com.au OR download a rollover form via asteronlife.com.au

Important: you should read the strategy assumptions and explanatory notes on the inside back cover of this booklet before making any changes to your super. Of course, you can always discuss your super savings plan with your financial adviser before making any decisions.

Scenario 3

Rita, aged 55

Rita is a divorcee and a senior office manager in a car dealership, earning $95,000 a year. Her super balance is $150,000. She loves her job and plans to keep working for another ten years, after which she wants to do a lot of travel and spend lots of time with (and money on) her five grandchildren.

Rita has only recently taken much interest in her super and is now very worried that she's left it too late to get her savings on track to give her the quality of life she wants when she stops work.

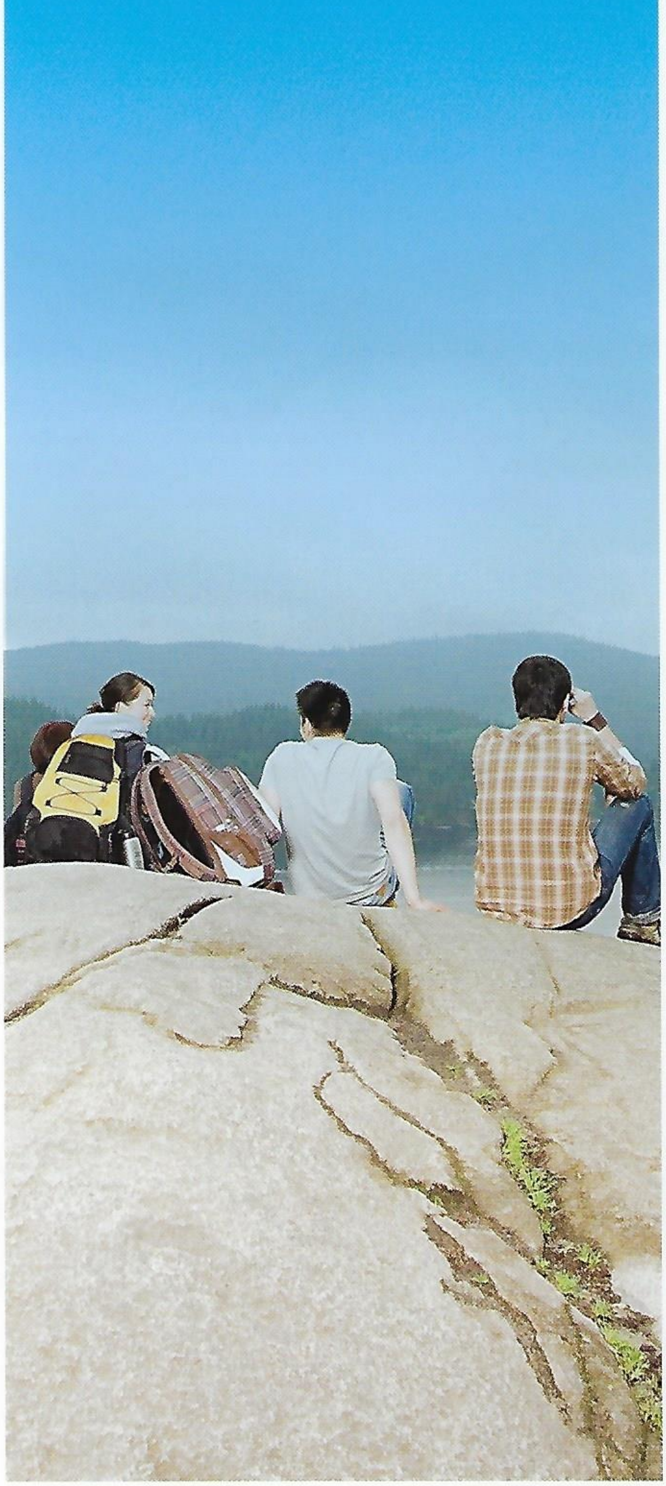
The good news is that it's never too late to do something about your super. The table below shows how much extra money a 55-year-old, like Rita, potentially stands to eventually gain by finding a bit of time now to get her savings heading in the right direction.

Strategy	Potential extra cash at age 65	Relative effort involved in implementing strategy	What do you have to do?
Increased compulsory employer super contributions	$19,857	Zero	You don't have to do a thing. This is a legislated Government initiative whereby your employer will gradually increase your contributions from 9% to 12% by 2019.
Start salary sacrificing 5% of your salary	$62,141	Low	Contact your employer's HR or payroll department. It's usually a simple matter of filling in a quick form.
Start salary sacrificing 10% of your salary	$124,283	Low	As above.
Make a $5,000 one-off after tax contribution	$8,560	Low	You can make a payment into your super via BPAY, or by downloading a direct debit request form at asteronlife.com.au
Reclaim lost super	$4,793	Medium	Go to the 'SuperSeeker' online tool at ato.gov.au/superseeker. (You'll need your tax file number.) You can then transfer any lost super into your Asteron account, as per below.
Combine multiple super accounts into your Asteron account	$3,341 (and a lot less super paperwork every year!)	Low/Medium	Do most of it online at asteronsuperrollover.com.au OR download a rollover form via asteronlife.com.au

Important: you should read the strategy assumptions and explanatory notes on the inside back cover of this booklet before making any changes to your super. Of course, you can always discuss your super savings plan with your financial adviser before making any decisions.

Too much of a good thing

With the end of the financial year approaching, it's important to remember that exceeding super contribution limits can cost you dearly.



Why are there limits on how much I can contribute to super?

While the Government wants to encourage people to save for retirement, it doesn't want us treating superannuation as a tax haven. For this reason they've placed limits ('caps') on both 'concessional' (before tax) and 'non-concessional' (after tax) contributions.

What are the limits?

- The concessional contribution cap is $25,000 per year.
- The non-concessional contribution cap is $150,000 per year (or up to $450,000 in any three-year period under the 'bring forward' rule) for members under 65.

What happens if I contribute too much?

This depends on your circumstances, but generally:

- you may pay additional tax on the contribution, or
- we would have to return the excess amount of your contribution (i.e. above the limit) to you.

What if I exceed the limit unintentionally?

Exceeding the contribution limits is not uncommon, particularly as many people don't realise that their employer's superannuation guarantee (SG) contributions count towards the concessional contribution cap. For example, if your salary is $100,000 a year, your SG contributions alone are $9,000.

The Australian Tax Office may impose the additional tax penalties even if the excess contribution is a genuine mistake, although fund members can apply for a refund of up to $10,000 of excess concessional contributions without penalty (for a first-time breach).

Given the potentially serious consequences of breaching the contribution caps, it is important to speak to your financial planner if you're unsure about your contribution amounts.

Compulsory super steps up

The amount of super that employees receive from their employers is set to rise from July – boosting the retirement savings of millions of Australians.

With all the Government's tinkering with the super system over the last few years, you could be forgiven for being a bit numb to the latest changes.

But there's one change that kicks in on 1 July 2013 that's definitely worth paying attention to: the increase in the Superannuation Guarantee.

What's the Superannuation Guarantee?

The Super Guarantee (SG) is the amount your employer must contribute to your super account on your behalf.

Your employer is legally required to contribute the equivalent of 9% of your salary up to a 'maximum contribution base', which is currently $45,750 per quarter ($183,000 a year). Employers don't have to pay contributions for earnings above this limit.

What's changing?

From 1 July 2013 the SG will start a gradual climb from 9% to 12% by 2019-20, as shown below.

Year	SG rate
2012-13	9%
2013-14	9.25%
2014-15	9.5%
2015-16	10%
2016-17	10.5%
2017-18	11%
2018-19	11.5%
2019-20	12%

What difference will it make?*

- A 30-year-old earning $50,000 a year now will have an extra $165,000 at age 65.
- A 40-year-old earning $75,000 a year now will have an extra $108,000 at age 65.
- A 55-year-old earning $95,000 a year now will have an extra $20,000 at age 65.

The Government expects 8.4 million people to benefit from this measure. For those in their 30s and 40s, this kind of extra money could provide a major lifestyle boost when they eventually stop working.

Why the change?

These increases are a response to the fact that people are living longer and spending longer in retirement. They also help address the widespread concern that 9% super contributions won't be enough to give the majority of Australians an adequate lifestyle after they stop working.

According to Suncorp's Super Attitudes Survey 2012, more than half (53%) of Australian super fund members worry about whether they will have enough super to retire on.

Not surprisingly, almost two-thirds (64%) said they would support an increase in SG contributions.

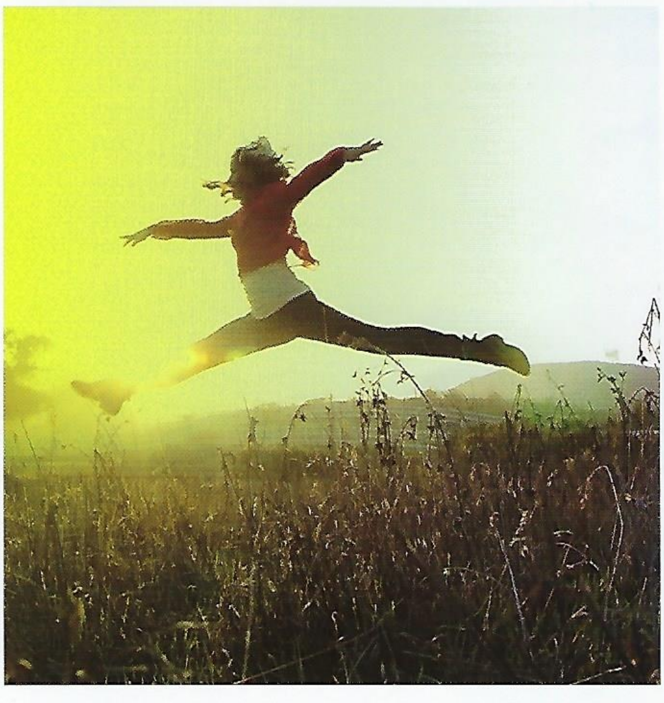
How else can you grow your super?

Of course, you don't have to rely on SG contributions alone to grow your super. There are a number of ways you can take control and boost your savings. For starters, try the following:

- See if you're in the right investment option with our Risk Profiler in Tools & Calculators at asteronlife.com.au/superannuation
- Combine multiple super funds to save on fees. Go to our Super Rollover Wizard at asteronsuperrollover.com.au
- Talk to your financial adviser

***Assumptions**

Additional retirement savings are expressed in future dollars. Gross investment return is 6.5%. Earnings are calculated at the end of the year. Contributions are made at the beginning of the year. There is no salary sacrifice, no one-off non-concessional contributions, no consolidation of lost super and no career break.



Super strategy scenarios (from pages 4-6): assumptions, explanations and further information

None of the information or tools described below is a substitute for getting professional financial advice. If you have any concerns about which, if any, of these super strategies might be right for you, you should talk to your adviser.

General assumptions behind projected super balances (except 'Combine multiple super accounts')

- Additional retirement savings are expressed in future dollars and are in reference to extra funds on top of a base scenario
- Base scenario is 9% Super Guarantee, 6.5% gross investment return, no salary sacrifice, no one-off non-concessional contributions, no consolidation of lost super and no career breaks
- Contributions are made at the beginning of the year
- Earnings are calculated at the end of the year
- Indexation at 3%

Super strategies

Increase the rate of compulsory employer super contributions

Between 2013 and 2019, the amount that employers must contribute on behalf of their employees will increase in increments from the current 9% of salary to 12%.

You can learn more about the SG increase on the Federal Government's special tax reform website (www.futuretax.gov.au).

Switch investment option from a 'balanced' to a 'growth' option

The outcome of this strategy assumes that your super is currently invested in a balanced investment option earning 6.5% a year gross investment return, and you switch to a growth investment option that earns an annual return of 8.5%.

Things you might consider in making such a decision are your attitude to risk, your investment goals and how long you have until you plan to retire. Our risk profiler at asteronlife.com.au/superannuation/calculators/risk can help you understand your appetite for risk and which type of super investments might suit you best.

Start salary sacrificing 5% (or 10%) of your salary

Salary sacrifice sounds painful, but it's probably the easiest way of growing your super. And because of the differing tax rates you pay inside and outside super, the reduction in your take home pay will be less than the extra amount you're putting into your super.

The Australian Securities & Investment Commission has a retirement planning calculator at moneysmart.gov.au/tools-and-resources/calculators-and-tools/retirement-planner that can help you see the effects of making additional super contributions.

Make a $5,000 one-off after-tax contribution

If you have any spare funds you can invest and lock away until you can access your super, then this strategy helps you take advantage of the power of compounding returns and the lower tax rates you pay inside super (15%) and outside super (where you'll pay whatever your marginal tax rate is – e.g. 32.5% plus Medicare Levy for someone earning $60,000 a year).

Find lost super and transfer it to your Asteron account

If you've had a few jobs over the years, you might have some super you've forgotten about. That means you could be paying extra fees on super accounts you don't use and where your money might not be in the best investment option for you. To find all your super, go to www.ato.gov.au/superseeker. To transfer ('rollover') lost super into your Asteron account, go to asteronsuperrollover.com.au to do most of it online – or you can download a super rollover form at asteronlife.com.au

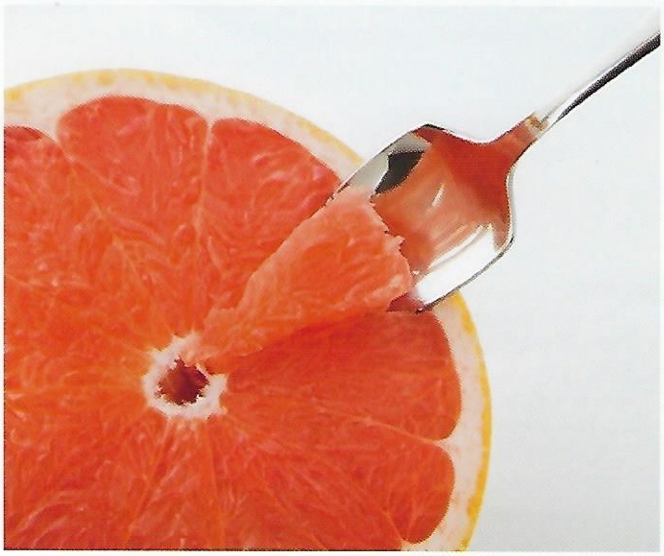
(The figures shown for this strategy assumes that the initial combined balance of any lost super is $2,800, which was roughly the average value of a lost super account in 2011-12*).

Combine multiple super accounts into your Asteron account

The projected extra savings assume that each super fund earns a rate of return (before earnings tax but after administration fees) of 7.95% per year. Earnings are calculated at the end of the financial year. The administration fee assumes an average of $100 per annum, applied at the beginning of the financial year. Figures are expressed in current dollars. Entry and/or exit fees have not been included in the estimation. Before combining accounts you should check if there are any insurance or tax implications.

To combine other super accounts into your Asteron account, go to asteronsuperrollover.com.au to do most of it online – or you can download a super rollover form at asteronlife.com.au

*ATO Annual Report 2011-12



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Logging into WealthSolutions via the link at the top right of **www.asteronlife.com.au**

Call us on **1800 819 499**

Write to
Asteron Client Services
GPO Box 1576
Sydney NSW 2001

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