

## What is superannuation?

Superannuation is a special type of savings whereby you and/or your employer set aside money for your retirement into a complying superannuation fund. It is considered to be the best way of saving money for life after work. Many funds will also pay benefits if you die, or are unable to work due to ill health or disability.

## Choosing a superannuation fund

From July 1<sup>st</sup>, 2005 the Federal Government introduced new rules on the choice of superannuation funds, allowing millions of Australians to elect which fund their contributions are paid into.

There are several different types of superannuation funds including:

- Retail Funds
- Superannuation Master Trusts
- Self Managed Superannuation Funds
- Corporate Funds
- Industry Funds

## How is my superannuation money protected?

Superannuation funds are set up under a trust deed. The trustees are in charge of the superannuation fund's operations and must, by law, act honestly and prudently, and make decisions in the best interest of the members of the fund. Three government agencies are in charge of regulating and enforcing superannuation standards to protect you and your retirement benefits;

- The Australian Securities and Investment Commission (ASIC)
- The Australian Prudential Regulation Authority (APRA)
- The Australian Taxation Office (ATO)

## Contributions

By law, your employer must contribute 9% of your earnings base into your nominated superannuation fund. You can also make personal contributions to your fund at any time. Certain types of contribution (such as salary sacrifice contributions, employer contributions and personal tax deductible contributions) may be subject to a 15% superannuation contributions tax.

By making after-tax contributions as an employee, you may be eligible for the Government's Superannuation Co-contribution. If your income is \$31, 920 per annum or less, the Government will pay \$1 for each \$1 you contribute, up to \$1,000. The co-contribution decreases as your income increases, and ceases when your income exceeds \$61, 920 per annum.

## What happens to my Superannuation?

Depending on the type of fund you choose, your superannuation monies are invested into a range of managed funds or a diversified investment portfolio. Some superannuation funds have better features and returns than others, so it is best to look around and find a fund that is suitable to your needs. In the case of industry and retail funds, a number of fees will be deducted annually from your superannuation entitlement.

## Accessing your Superannuation

Generally, you can only access your super after you reach your Preservation Age.

Your Date of Birth	Preservation Age
After June 1964	60
July 1963 to June 1964	59
July 1962 to June 1963	58
July 1961 to June 1962	57
July 1960 to June 1961	56
Before July 1960	55

Accessing your superannuation prior to this time is possible, but only if you are permanently disabled or suffer severe financial hardship.

After reaching Preservation Age, you can elect to have your superannuation paid to you as a lump sum or in the form of a pension.

## Find out more about Superannuation

While some aspects of superannuation can be quite complex, there are several major tax and other advantages for people either saving prior to retirement or already retired.

**To find out more information, please contact our Super Retirement Solutions staff.**

Accounting & Taxation

Self Managed Superannuation

Auditing

Financial Planning

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Last updated June 2010

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