

What women want

Super strategies that measure up...



Reality bites – the facts

Studies show women are retiring with only half the super of men, and with life expectancies increasing, financial security is becoming more important than ever. Factors more likely to impact women, such as broken working patterns and lower incomes exacerbate this trend.

Did you know that women are two and a half times more likely to live in poverty in their old age than men because they have contributed so much less to superannuation¹?

Whilst these days we may feel more independent, be more financially secure and perhaps earn more than our mothers did in their day, we generally still lag behind men in the super stakes. This is demonstrated by lower contribution rates and lower account balances.

Age group ²	% with superannuation		Average superannuation account balance	
	Men	Women	Men	Women
15-24	59.3	55.3	6,800	4,300
25-34	92.2	82.5	27,200	20,800
35-44	91.7	78.3	65,400	37,600
45-54	86.8	77.0	122,300	67,500
55-64	68.8	53.4	183,600	98,700
65+	26.6	12.6	184,900	124,300
Average	73.6%	61.8%	\$78,700	\$43,300

1 Speech given by Pru Goward at the 2004 ASFA National Conference and Super Expo, Adelaide 11 November 2004

2 ASFA Research Centre February 2005, *Superannuation and contemporary families – Superannuation balances by age group and gender*

How can you help ensure you have enough super?

Take an interest in your super now. By using the *What women want checklist* you can work out what your current financial commitments may be along with assessing your long-term savings and insurance needs. Once you have completed your checklist and have thought about your desired retirement lifestyle, consider talking to a qualified financial adviser about how much super you'll need to fund that lifestyle.

Hint: Contact a Plum Member Services Consultant on **1300 55 7586** to be put in touch with a financial adviser, or download a copy of the *what women want* checklist at **www.plum.com.au** which may help you identify what financial issues you may need to address.

What women want checklist

The image displays two overlapping screenshots of a financial checklist document. The left screenshot is titled "Step 2 My insurance cover and insurance needs" and contains several sections with checkboxes and tables. The right screenshot is titled "Creating a budget" and shows a similar layout with tables and text.

Step 2 My insurance cover and insurance needs

- What is the formula for my insurance cover?
- What are my future income commitments?
- How much will I need to leave for my family if I die?
- Am I covered?

Creating a budget

Super with you in mind

Taking advantage of super's many benefits

Through superannuation, you can save and invest money during your working life to accumulate a lump sum when you retire. Your super will grow over time because:

1. Your employer, your spouse and/or you make regular contributions;
2. Your super fund invests your money and it earns interest; and
3. Your super fund receives tax concessions to help boost your earnings.

There are many different ways to maximise your super – even if you are not in the workforce full time. The information on the following pages outlines some of the ways you can boost your super and increase your savings in retirement.

Contributions

There are a number of ways you may be able to contribute to your superannuation and increase your savings in retirement.

Superannuation contributions are treated differently for tax purposes and classified into two main types:

Concessional contributions (CCs) are those contributions made from before-tax income for which a tax deduction can be claimed by the contributor and include:

- **employer contributions:** your employer provides you with superannuation contributions that are at least equal to the minimum rate required by law;
- **before-tax voluntary member contributions (known as salary sacrifice):** voluntary contributions made from your before-tax salary through an agreement with your employer;
- **before-tax compulsory member contributions:** special arrangements may apply between you and your employer which require you to contribute a set amount of your before-tax income to your superannuation; and
- **superannuation fees and insurance premiums that are paid by your employer:** any superannuation fees and insurance premiums that are paid by your employer on your behalf.

Contributions

continued

Non-concessional contributions (NCCs) are those contributions which are made by the contributor from after-tax income and include:

- **after-tax voluntary member contributions:** regular payroll deduction or a once-off lump sum that you choose to contribute from your after-tax salary;
- **after-tax compulsory member contributions:** special arrangements may apply between you and your employer which require you to contribute a set/level amount of your after-tax income to your superannuation;
- **Spouse* contributions:** regular payroll deductions or a once-off lump sum that your spouse chooses to contribute from their after-tax salary into a superannuation account on your behalf. Your spouse will then be able to qualify for a tax rebate as a result of the spouse contribution. Spouse contributions may be an effective superannuation strategy for people who may be on a lower income as a result of working part-time, or not at all. A 'spouse' is defined as both married and de facto partners who live together;
- **overseas superannuation transfers:** the tax free portion of a transfer from an overseas superannuation fund to an Australian fund;
- **contributions from savings or inheritance:** contributions made from your savings or from an inheritance you receive;
- **contributions from business profits or other assets:** contributions made from your business profits or from the proceeds of selling an asset; and
- **excess concessional contributions:** any contributions in excess of your concessional contributions cap.

* Married couples, defacto and same sex partners who live together qualify under the definition of spouse for superannuation purposes.

The Federal Government's superannuation co-contribution scheme aims to encourage low to middle income earners to save for their own retirement by making additional voluntary superannuation contributions.

How does it work?

Subject to your income and eligibility, the Government will top up your personal after-tax contributions with \$1.00 for every \$1.00 of personal after-tax contributions you have made, up to a maximum co-contribution of \$1,000 per financial year.

The maximum co-contribution will be payable where your assessable income and reportable fringe benefits is the lower income threshold (\$31,920 for the 2009-2010 financial year) or less, and you contribute \$1,000 after-tax.

The Government co-contribution reduces at higher income levels and cuts out completely when your assessable income (plus reportable fringe benefits) reaches the higher income threshold (\$61,920 for the 2009-2010 financial year). The lower income threshold will be indexed in line with Average Weekly Ordinary Times Earnings (AWOTE) in future financial years. Each year, the higher income threshold will be, the lower income threshold plus \$30,000.

The good news is that your income is not calculated on a pro-rata basis, so if you go on maternity leave during the financial year, your lower than usual tax return may be the perfect opportunity to maximise any Government co-contribution.

If you would like to find out more, contact a Plum Member Services Consultant on **1300 55 7586** or download a copy of our *Government co-contributions* strategy guide at www.plum.com.au

Contribution splitting

Your spouse can elect to split their before-tax (concessional) contributions with you (and vice versa). As well as boosting your super, there may be tax benefits at retirement. You can apply to split contributions with your spouse after the end of each financial year, or during the current financial year prior to transferring your entire superannuation account balance to another fund (for example if you are leaving your superannuation fund).


There are rules regarding which contributions may be split, and any split is performed annually after the end of the financial year.

Hint: For more information about splitting contributions with your spouse, contact a Plum Member Services Consultant on **1300 55 7586** or download a copy of our *How to split contributions with your spouse* strategy guide at **www.plum.com.au**

Consolidate your super accounts

If you have more than one super account, it's possible you are paying too many fees. Consolidating your super may save you money and make keeping track of your super a whole lot easier!

To consolidate your super into your current superannuation arrangement, simply complete a *Request to transfer superannuation benefits* form, and send it to Plum Financial Services Limited Reply Paid 63 Melbourne Vic 8060. We'll take care of the rest for you. To obtain a copy of the *Request to transfer superannuation benefits* form contact a Plum Member Services Consultant on **1300 55 7586**.



You can complete the benefit transfer process online – visit www.plum.com.au click on *Find your lost super* and make sure you have your tax file number handy.

Always remember to ask your other fund(s) about exit fees, the effect on any insurance benefits and any other penalties that may apply before you roll your super out. You should also consult the relevant *Product Disclosure Statement (PDS)* before you make any decisions about your super.

Plan for the unexpected

Half of all women over the age of 65 outlive their partners by 15 years³, so it is important to feel comfortable dealing with finances, preparing for estate planning matters and being adequately insured. Make sure you are financially secure in retirement and, if the unexpected should occur, provide yourself with a safety net.

Insurance can also ensure that an event such as an illness or accident will not be further compounded by the financial burden of maintaining your mortgage repayments, household bills, or financial support for your family if you are the main income earner.

Various types of insurance

Type of cover	What it provides (if your claim is admitted)
Death	Your beneficiaries receive a lump sum payment upon your death.
Total and permanent disablement (TPD)	You receive a lump sum payment once the insurer has accepted your claim for total and permanent disability.
Total and temporary disablement (TTD), also known as salary continuance or income protection	You receive an income stream for an agreed period upon confirmation of your inability to work due to disability.

Most employer-sponsored super funds will provide a minimum level of life insurance, however you may also have the opportunity to “top up” or apply for extra insurance cover, which is likely to be cheaper than purchasing additional cover outside of super. This is because insurance via your super fund is purchased from the insurer at group wholesale rates and may be more tax effective than purchasing insurance outside super.

Lump sum death benefit payments are tax-free if paid to a financial dependant. However, if the benefit is paid to a non-financial dependant, the taxable component will be taxed at a rate of 16.5 per cent. This may vary depending on your dependency status. This is often a complex issue and you may wish to seek financial advice.



If you are unsure about whether or not you have insurance cover via your super fund, speak with a Plum Member Services Consultant or 1300 55 7586 or check your next *Member benefit statement*. This will show the level and type of cover you have. You can then determine if this is enough to cover your commitments. Because your circumstances are likely to change over time, your level of cover may need to be updated to reflect this.

Where to from here?



Did you know...

As a member of the Plum Superannuation Fund you can access the services of financial advisers through *Momentum Financial Advice*. This service provides general advice over the phone – at no cost to you, in addition to personal face-to-face advice if you require more in-depth advice about your personal financial circumstances.

If you would like more information about *Momentum Financial Advice* or would like to access this service, contact a Plum Member Services Consultant on **1300 55 7586**.

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Contact us for more information

If you would like further information, visit the *Member* section of the Plum website:



www.plum.com.au or



Speak with a Plum Member Services Consultant on **1300 55 7586**.

Important information

An interest in the Plum Superannuation Fund ABN 20 339 905 340 (Fund) is issued by PFS Nominees Pty Ltd ABN 16 082 026 480 AFSL 243357 (Trustee). The Fund administrator is Plum Financial Services Limited ABN 35 081 812 731 AFSL 243356 (Administrator). This material has been prepared by the Administrator and it contains information that is general in nature. The information does not take into account your objectives, financial situation or needs. Before acting on the information you should consider whether it is appropriate having regard to your personal circumstances and seek professional advice. The Administrator recommends that you consider the Fund's *Product Disclosure Statement (PDS)* before you make any decisions about your superannuation. To obtain a copy of the Fund's PDS, please contact a Plum Member Services Consultant on **1300 55 7586**. Neither the Administrator, the Trustee, nor any other company in the National Australia Group of companies accepts liability whatsoever for any decision that is made on the basis of or in reliance of the information contained in this material. Please note that the information contained in this material is current as at July 2009. Any changes in the law or policy subsequent to this date have not been incorporated.