Taking a career break

MAY 2017

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Helping people build a better tomorrow matters to AustralianSuper.

We want all Australians to feel confident about their future.

Taking time out of the workforce doesn't have to mean skimping on your super savings.

Whether you're taking a career break to have a baby, care for a family member, study or travel, there are steps you can take that can help future-proof your retirement goals.

Growing your super while you're on leave

If you can spare a little money while you're on leave, now could be a good time to think about making extra payments to your super*.

After-tax contributions can be especially beneficial for low to middle income earners and people who aren't working. That's because depending on your situation, making after-tax additions to your super could result in a co-contribution or tax offset from the Government.

* You should consider your debt levels before adding to your super.

About Government co-contributions

If you earn less than $36,021 during a tax year the Government will match your after-tax contribution at the rate of 50c for every $1 up to a maximum $500. Your co-contribution entitlement reduces by 3.33 cents for every dollar you earn over $36,021, until it cuts out at $51,021.

If you're eligible, the Government will make the payment directly into your super after you've put in your tax return for the financial year in which you made the contribution. For example, if you add to your super before 30 June 2018, you'll receive your Government co-contribution after you've lodged your 2017/18 tax return.

Other terms and conditions apply, so it's a good idea to visit **ato.gov.au** to check your eligibility.

You can make a once-off after-tax contribution – or set up regular contributions – by logging into your online account at **australiansuper.com/login**

The Government co-contribution amount depends on your income

Extra support for low income earners

If you earn less than $37,000 a year, you'll receive a Low Income Super Contribution (LISC) from the government of up to $500. This is designed to offset the 15% tax you pay on your super contributions. From 1 July 2017, this will be called the Low Income Super Tax Offset.

You don't need to do anything to receive a LISC payment. The Australian Tax Office will work out your eligibility and make the payment directly into your super account.

Helpful tip

If we don't have your Tax File Number (TFN), we can't accept any after-tax contributions into your super account. Without your TFN, we can't accept an LISC on your behalf either. If you haven't already provided your TFN you can tell us what it is at **australiansuper.com/TFN**

About your insurance

Protecting the future of those who matter to you is important. That's why we offer insurance cover as a benefit when you have your super with us.

And the good news is that your insurance cover continues unchanged while you're on parental leave or leave without pay for less than 12 months.

Depending on the decisions you've made about your cover, you might have a combination of:

Income Protection cover
Helps protect your income if you are temporarily disabled and unable to work due to illness, injury or accident.

Total & Permanent Disablement (TPD) cover
Designed to support you in the event you become totally and permanently disabled.

Death cover
Provides a lump sum payment for your family or loved ones if you die.

You don't need to tell us that you're going on leave. Your cover will simply continue and premiums will continue to be deducted from your account while you're away from work if your leave is less than 12 months*.

About your Income Protection cover

If you become disabled while you're on parental leave or leave without pay and you're eligible for an Income Protection payment, your payments will start when you're due to return to work as agreed with your employer or at the end of the waiting period, whichever is later.

Is your cover keeping up with the changes in your life?
With our Life Events cover, you can apply to increase your Death and TPD cover for certain specific life events – such as having a baby or taking out a mortgage on your main home in Australia – without having to provide detailed health information. For more information about our Life Events cover read the *Insurance in your super* guide at **australiansuper.com/InsuranceGuide** or call us on **1300 300 273**.

* Subject to terms and conditions. See *When your cover might stop* section on page 9.

When your cover might stop

If your parental leave or leave without pay extends beyond 12 months, your insurance cover might stop. We'll write to you before your cover stops – so it's a good idea to look out for a letter from us if you've been away from work for a while.

Your Income Protection cover will stop if:

› we don't receive an employer super contribution for 13 months*.

Your Death and TPD cover will stop if:

› we don't receive an employer super contribution for 13 months and your account balance is less than $10,000

› there isn't enough money in your account to pay for your cover.

Need an extension?

When 12 months have passed since your last employer super contribution was made, if your balance is between $1,000 and $10,000, we'll write to you and ask you if want to continue your Death and TPD cover. You can't continue your Income Protection cover under these circumstances.

If your cover has stopped, will it start again when you return to work?

If your insurance cover stops during your leave, your Death, TPD and Income Protection cover may restart* when we start to receive super contributions from your employer again. If this happens, you'll get the basic cover for your age at the time – even if it's higher or lower than the cover you had before. Your basic cover will be on a Standard work rating or the relevant work rating for your plan†.

If you receive basic Income Protection cover, it will be based on a benefit payment period of up to two years with a 60 day waiting period.

Any type of cover that's previously been cancelled won't start again. You can reduce or cancel your cover anytime.

* For most members.
† If the policy permits.

Help from your partner

If you have a partner, there are a couple of ways they can help you keep your super savings moving in the right direction.

As long as you both meet the eligibility criteria, these can be a great way to build your retirement savings together while saving tax at the same time.

Split and save – before tax

If you have a spouse (married, de facto or same sex), they can split their pre-tax super contributions with you.

These pre-tax contributions might include the Super Guarantee contributions your partner's employer is required to pay, plus any additional contributions they choose to make through a salary sacrifice arrangement. Your partner can have up to 85 percent of their pre-tax contributions paid into your super account, instead of theirs, once a year.

Contribution splitting can help even out the amount of retirement savings between your two accounts and can also be a way for your spouse to reduce the tax they pay through salary sacrifice. See page 14 for more information about salary sacrificing.

Pay and save – after tax

Another way to grow your joint retirement savings is for your spouse to make after-tax payments into your super account[*]. Currently your spouse can contribute up to $3,000 a year and receive a tax offset of up to $540, as long as your assessable income is less than $13,800[†].

From 1 July 2017, the amount you can earn and still have your spouse receive a tax offset increases from (less than) $13,800 to (up to) $37,000. In fact, your spouse will still be able to claim a tax offset if you earn up to $40,000 in any financial year, but it will be a smaller offset[‡].

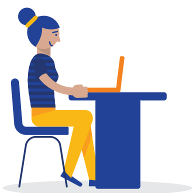
Visit **australiansuper.com/spouse** to learn more.

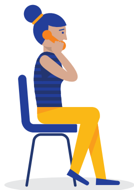
[*] You should both consider your debt levels before adding to super.
[†] The maximum amount of $540 applies if you earn less than $10,800, reducing to zero at $13,800.
[‡] Other terms and conditions may apply. Refer to **ato.gov.au** for more information.

Achieve what you want with the right advice

During your career break you might find you're busier than ever. But if you can manage to schedule it in, you might also find that this is exactly the right time for you to sort out your finances and plan for the future.

At AustralianSuper we have three different financial advice options for members to choose from.





1. Online advice

From adding a little extra into super or seeing how long your retirement savings could last, our calculators are a great first step to help you get your super sorted. Go to **australiansuper.com/calculators** to get started.

2. Phone advice*

Depending on your needs, you may be able to get the answers you need by speaking to a professional adviser over the phone. Call us on **1300 300 273** for advice about making an investment choice, adding extra to your super, transition to retirement options or sorting your insurance.

3. Face to face advice*

For more complex advice, meeting face-to-face with a professional adviser can help when you want a detailed financial plan and have a number of financial matters to think about. Call us on **1300 300 273** to make an appointment with an adviser near you.

* The financial advice you receive will be provided under the Australian Financial Services Licence held by a third party and will be their responsibility. Personal product advice provided may attract a fee, which will be outlined before any work is completed and is subject to your agreement. With your approval, the fee for advice relating to your AustralianSuper account(s) can be deducted from your AustralianSuper account.

Make an appointment

Call us on **1300 300 273** from 8am-8pm weekdays AEST/ AEDT

Growing your super when you return to work

Making extra contributions into super when you return to work can help you catch up on the savings time you missed during your career break.

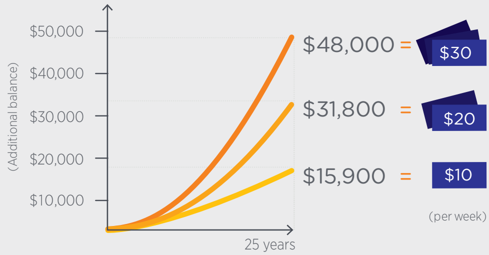
Pay a little extra before tax

If you think you can afford to take home a little less salary each week, you could think about making regular payments from your pre-tax salary into your super account*. This is often referred to as 'salary sacrificing' because you're choosing to 'sacrifice' some of your salary in the short term for potential long-term gains†.

Salary sacrifice can be worth exploring if you pay more than 15% tax on your salary. That's because any pre-tax money you pay into your super is taxed at 15%, whereas any money you take home will be taxed at your regular income tax rate, which could be as high as 49%‡.

See the difference $10, $20 or $30 a week can make

This graph shows the additional balance a member could have at retirement if she made the specified level of additional contributions to her super account over the next 25 years. For example if she makes a $10 per week pre-tax contribution, her retirement balance would increase by $15,900.



All figures are expressed in today's dollars (discounted using AWOTE, 3.5% pa). Calculations are based on age 40 and salary of $65,000, with a retirement age of 65. The calculation includes Superannuation Guarantee increases as currently legislated (9.5% to 12% at FY2026). Investment returns (Balanced option) of 6.5% (net of fees and tax).

Make catch-up payments if you can

There's a limit to how much money you can pay into your super as pre-tax contributions. From 1 July 2017, the limit (or 'cap') is $25,000 a year.

From 1 July 2018, if your super balance is less than $500,000, you can make 'catch-up' pre-tax payments if you haven't used up your $25,000 allowance (your 'cap') from previous years. Your cap can rollover for up to five years, allowing you to contribute up to $125,000 over that five years period. The Government introduced this to help people who have career breaks catch up on their super balance.

So, for example, if you've made pre-tax contributions totalling $75,000 over the last four years, you can contribute up to $50,000 in the fifth year – and still remain within your $125,000 rolling cap.

*You should consider your debt levels before adding to your super.
†Salary sacrifice isn't suitable for everyone. Learn more at **australiansuper.com/SalarySacrifice**
‡Includes the 2% Temporary Budget Repair Levy payable on taxable incomes in excess of $180,000 for periods up to 30 June 2017, as well as the 2% Medicare Levy. From 1 July the maximum income tax rate will be 47%, including the Medicare Levy.

Keep in touch

Returning to work after a career break isn't always easy. Staying on top of what's going on at your workplace while you're on leave can help.

Whether it's regular phone catch ups or asking to be included in any emails about changes at work, there are steps you can take to nurture the bond between you and your colleagues.

It's also a good idea to stay on top of your super – tracking it is simple with the AustralianSuper mobile app.

Download the app at **australiansuper.com/MobileApp**

We have many options to help you save for the future.

Find out more

Call

1300 300 273

8am–8pm AEST/AEDT weekdays

Visit

australiansuper.com

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