

What is SUPERANNUATION?

Ask Financial Lifestyle Solutions for professional advice on...

Investments & Superannuation

- Account Based Pensions
- Personal Superannuation
- Employer Sponsored Superannuation
- Super Consolidation & Rollovers
- Annuities
- Self Managed Super Funds
- Lump Sum Investments
- Gearing
- Savings Plans

Insurance

- Income Replacement
- Business Expenses Insurance
- Life Insurance
- Total & Permanent Disability
- Trauma / Critical Illness Insurance

Strategic Advice

- Estate Planning
- Centrelink Assistance & Guidance
- Total & Permanent Disability Claims
- Permanent Incapacity Claims
- Aged Care Planning
- Transition to Retirement Planning



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FINANCIAL LIFESTYLE SOLUTIONS

What is SUPERANNUATION?

“
Understanding how Super works
can help you plan your future.
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An overview of how Superannuation works

Superannuation is an investment designed to provide money for your retirement.

Most people start superannuation when they start work because their employer has an obligation to pay 9% of employee's salary as super guarantee contributions.

You can choose to top up the funds out of your own pocket. Eventually over the next few years the super guarantee contribution will increase to the 12% of our gross income.

Your superannuation can grow to be a significant asset over your working life.

You benefit from saving regularly over many years and the effect of compounding interest. Your superannuation is generally taxed at a concessional rate (earnings are taxed 15%) while other forms of investment may be taxed at higher marginal rates.



Combining your Super with other Financial Instruments

Your superannuation fund can also include other ancillary benefits such as offer life insurance, disability insurance and income protection.

Some funds also have discounts for other general insurances such as health insurance.

Types of Superannuation

There are two basic kinds of superannuation fund:

- **Accumulation** - your retirement benefit depends on how much you accumulate over your working life, which will be the money paid plus investment earnings less expenses.
- **Defined Benefit** – The value of your retirement benefit is defined by a defined formula which, for example, may take into account your length of service and age at retirement. Defined benefit funds are common in the public sector. They are also used by some large companies.

Personal Contributions

You can choose to make personal contributions to your superannuation from your net income after tax or your gross income before tax.

If you do, you may be eligible for the Government co-contribution; if you are self-employed, you may be entitled to a tax deduction for your contributions.

It is also possible to contribute to your spouse or partner's superannuation and you may be able to claim a tax offset if they earn nothing or have a low income.

There is a lot to think about if you are considering making personal contributions to your own or your spouse or partner's superannuation.

