NATIONWIDE SUPER

Super News

Member Edition

Edition 2 2018

Welcome to the latest edition of Member News from Nationwide Super.

Exciting changes for Nationwide Super are coming soon

The mantra of the Nationwide Super team has always been to make super as simple as possible for our members. That means we're always looking for ways to help you take control of your super savings, in an industry that is constantly evolving and changing as a result of things like government policy and regulations.

While offering products and tools that help you achieve the best possible retirement outcomes is our ultimate goal, we're also striving to deliver them with the highest level of personalised service and care.

To help us take the next steps in delivering these goals for you, the Trustee of Nationwide Super has entered into an alliance with Russell Investments.

What this will mean for you

The changes that will have the most exciting benefits for you include paying less in fees, having access to a much wider range of investment options, and an improved suite of tools and services (including a real time mobile app), to better manage your super savings.

What won't be changing is our commitment to providing you with the high level of service and support you've come to expect at every step of the way towards your retirement goals.

As always, we'll be in touch along the way as we finalise what the details of these changes and benefits mean to you.

We're looking forward to the next steps, and taking you along for the ride.

About Russell Investments

Russell Investments is a global investment manager, dedicated to improving financial security for people for more than 80 years. Russell Investments guides more than $3 trillion and manages over $390 billion[1] on behalf of many of the world's largest investors, and individuals around the world.

As part of Russell Investments 'Super Alliance', Nationwide Super can offer the expertise of a much larger fund, improving outcomes for members and better supporting small business owners with their super obligations.

[1] *As of 30 June 2018*

Russell Investments

Highlights...

- **Exciting changes for Nationwide Super**
- **About Russell Investments**
- **Understanding salary sacrifice**
- **Financial advice a phone call away**
- **How super is taxed**
- **Budget hacks for younger members**

Understanding Salary Sacrifice

You may have heard of salary sacrifice before, and have wondered what it is and how it could benefit you. Salary sacrifice (or salary packaging) is an arrangement where you can pay for certain things from your pre-tax salary. This includes products and services like cars, computers, childcare, health insurance and even super, with the benefit of reducing the amount of your taxable income.

When it comes to superannuation, the arrangement between you and your employer is for them to make additional contributions to your super account from your pre-tax salary, on top of any Superannuation Guarantee (SG) contributions you may be entitled to.

Not all employers offer salary sacrificing, so be sure to check with them first. If your employer does allow salary sacrifice, you must determine an amount of money you would like directed to your super account instead of your direct deposit bank account or pay.

Salary sacrificed amounts into super are taxed differently (at a concessional rate) versus regular salary. Individuals who make less than $250,000 a year only have to pay a 15 percent tax on their super contributions via salary sacrifice. Those who make upwards of $250,000 a year will have to pay a 30 percent tax on these contributions.

The point of salary sacrifice in this instance is another way to help boost the amount of super savings you'll have available when you retire. There is a limit to how much money can be contributed via salary sacrifice and receive the concessional rate of taxation. The most recent figures on the concessional taxation limit are $25,000 p.a. After $25,000 has been contributed to the super account, a regular taxation rate of 45 percent and a Medicare levy will be applied.

Example:

If you earn $85,000 a year, your Marginal tax rate is 34.5% and your total tax bill is $20,872 (including Medicare levy). If you salary sacrifice $5,000 to super, your salary is now $80,000, your income tax has reduced to $19,147. The $5,000 is contributed straight to your super fund, where it is taxed at just 15%, which is $750. So overall you have gone from paying $20,872 in tax to $19,897, a saving of $975.

Need help?

It's a good idea to get advice about whether salary sacrifice is something you should consider, and the Super Advisers from Link Advice* can help you over the phone. Simply call the Nationwide Super team to get started.

**The financial advice service available for Nationwide Super members, will be provided by Link Advice Pty Ltd, AFSL 258145. Neither Link Advice Pty Ltd nor its employees are representatives of NSF Nominees Pty Ltd, the Trustee of Nationwide Super. No commissions are paid by any party to any other party, for referring Nationwide Super members to Link Advice Pty Ltd. NSF Nominees Pty Ltd does not accept liability for any loss or damage incurred by anyone using Link Advice products or services.*

Financial advice is just a phone call away

Sooner or later, we're all going to have a few questions about our super and other finances that we could use a little help with. When it comes to helping our members understand their options when it comes to super and their financial situation - we call in the experts!

While many members have questions that are best answered through professional financial advice, we understand that not everyone has the time or opportunity for a face to face meeting.

That's why we've partnered with Link Advice, to provide you with access to their Super Advisers*, who are experts when it comes to helping with your personal financial situation.

How can a Super Adviser help?

If you've ever wanted to know:

- How much money do I need to retire?
- How long will my money last?
- Could I be doing something more with my super?
- What sort of insurance do I need?

The good news is – these are questions that have been asked before, so you are definitely not alone – and a Super Adviser can help you with some answers.

Help when you need it

As an extra convenience for our members, most matters can be discussed with a Super Adviser over the phone. For more complex matters, you can also receive advice in person.

To get started, simply get in touch.

And the cost...

We will pay the fees involved the first time you receive advice from a Super Adviser^ over the phone. Any additional expense will be discussed with you in advance (and in most cases, some or all of the cost of obtaining advice about your super can be deducted from your Nationwide Super account).

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NSF Nominees Pty Ltd does not accept liability for any loss or damage incurred by anyone using Link Advice products or services.

^ Nationwide Super will pay for the first piece of advice you receive on a single super issue over the phone.

How super is taxed

The superannuation system has been designed to help you become as financially self-sufficient as possible after you retire. While the government will change the rules, regulations and rates from time to time, super is generally subject to different tax rules than your regular income and other investments, in order to make it as attractive as possible. While the tax structures can look like a complex topic, here is our attempt to help you understand the basics.

Usually, super savings are taxed at three key points: when it goes into a superannuation fund (through contributions); while it is in the fund (your investment earnings); and when you make a withdrawal (your super benefits).

Contributions

Tax on your super contributions generally depends on the type of contribution and how much you contribute over a period of time. Contributions you make using before-tax income, otherwise known as 'concessional contributions' (via a salary sacrifice arrangement), are taxed at 15%. However, limits apply, and any contribution amount above the yearly cap limit is included in your income tax assessment and taxed at your marginal tax rate. For the 2018/2019 financial year, the concessional contributions cap limit is $25,000 per annum.

On the other hand, contributions from after-tax income ('non-concessional contributions') are not taxed in your super fund – since you have already paid tax on this income. Similar to concessional contributions though, cap limits apply. Any contribution amount exceeding the yearly cap limit may be subject to a penalty tax. For 2018/2019 financial year, the non-concessional contributions cap limit is $100,000 per annum.

Investment earnings

Investment earnings on your super are taxed at a maximum rate of 15%. This tax is deducted from your super fund's investment earnings before they are added to your super account.

Super benefits

When you reach retirement age (or 'preservation age'), and look to access your super savings, the tax payable on your super benefits depends on a number of factors, such as your age and whether your super comes from a previously taxed or untaxed source. Tax on both super and death benefits is also affected by whether the benefits are paid as a lump sum or income stream (regular payments).

For more information on the way super is taxed, simply visit the Australian Tax Office website at ato.gov.au/Individuals/Super/Super-and-tax or get in touch with the Nationwide Super team.

10 budget hacks when you're just starting out

Especially for our younger members, it doesn't matter whether you're studying or a newbie in the workforce, it's still possible to grow your savings. Check out ME Bank's top 10 tips to help your savings grow.

1. Get happy

Happy hour used to be a thing at the pub, but these days just about every business offers a happy hour – from cinemas to hairdressers. Even airlines have jumped on the happy hour bandwagon, so keep an eye out for days and times when tickets are available at bargain prices. For instance, Jetstar and Virgin Australia do happy hour sales every week. Shop around for the happy hour outlets and offers in your neigbourhood and beyond.

2. Avoid the convenience apps

Convenience apps like Uber, Deliveroo and Afterpay can make life easier, but research shows that they also make it easy to spend and, quite often, overspend. New figures show that young people are spending more than $740 a year on Uber Eats food delivers and Uber fares alone. Go easy on the apps to grow your savings.

3. Bypass takeaway

It can be tempting to grab lunch out, and as an occasional treat, it won't blow your budget. But as a regular habit, it could leave you strapped for cash. Spend $4 on a morning latte, back it up with a $7 lunch and you've blown 11 bucks. Do it twice a week and you're down by more than $1,200 a year. Whip up a salad or sandwich at home for a DIY lunch to save a fortune on food.

4. Unsubscribe from online sites

Subscriptions to online retailers can see your inbox clogged with tempting promotions and sales. If you find it hard to resist, unsubscribe so that messages of "50% off" don't see you fall off the savings wagon.

5. Time your grocery shopping to perfection

Firstly, try not to shop when you're hungry, and aim to do your grocery shopping late in the evening or early in the morning when perishables like bread, fruit and dairy products are most likely to be marked down.

6. Get more from your service providers

Your phone provider, car insurer and even private health insurer will quite often offer perks like pre-sale deals or discounted tickets to sporting and cultural events. Not sure what you're entitled to? Just ask.

7. Wave your student card around

If you're a student, get into the habit of whipping out your student card and asking for a discount where available. Sites like studentedge.com.au can show you where to save megabucks on anything from software to clothing.

8. Embrace meat-free Monday

Take grandma's advice and eat your greens. Skipping meat just one day a week can see you save at least $750 a year. Stock up on pulses, whole grains and veggies for a cheap burst of nutrition.

9. Try a clothes swap

Experts say we wear just 20% of our garments 80% of the time – the rest just clutters our wardrobe. Try clothes swaps with friends or visit the local op shop to cut the cost of clothing.

10. Budget to be the boss of your money

No amount of smart spending will see you save if you don't know where your money is going in the first place. Free apps like ASIC's TrackMySPEND let you track your daily spending. It's a great start to build a personal budget that can show how much you're able to save – and where you can cut back.

This article is brought to you by ME Bank. Visit ME's website for more information. Members Equity Bank Limited ABN 56 070 887 679.

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