Thinking about what to do with your tax refund or bonus?

6 reasons to consider putting it in your super

If you've received a tax refund or bonus, you may be tempted to put it towards something in the here and now – a holiday, home improvements or a treat you wouldn't normally consider. What you do with the money is your choice, but it's worth considering the long term by putting some or all of it into your super.

1. IT'LL BOOST YOUR SUPER SAVINGS

Put extra into your super now and you could be reaping the rewards later—long after the glow of any holiday or treat has faded away. It can also mean less pressure to scrimp and save in the few years prior to retiring.

Want to see the difference extra contributions can make to your super at retirement? Our *Retirement adequacy calculator* can estimate your super balance at retirement based on your current situation and the effect that making extra contributions can have.

Go to **unisuper.com.au/calculators** to get started.

2. TWO MAGIC WORDS – COMPOUND INTEREST

Compound interest is essentially 'interest earned on interest'. It accumulates when you reinvest investment returns rather than withdrawing them.

And the earlier you start, the more time you have to make compound interest work for you.

Want to see the difference compound interest can make? MoneySmart's Compound Interest Calculator can show you the impact of compounding interest. Go to www.moneysmart.gov.au/toolsandresources/calculatorsandtools/compoundinterestcalculator.

3. IT COULD SAVE YOU TAX

If you make super contributions from after-tax income, no further tax is payable on the funds, either when it goes in or comes out.[1]

And when you invest in super, any returns you earn are taxed at up to 15%. Compare this to the tax on returns for investments outside super, which are added to your assessable income and taxed at your marginal tax rate (around 30% or more for most average wage earners).

4. YOU COULD GET A BOOST FROM THE GOVERNMENT

If you make an after-tax contribution to your super, earn less than $50,454 for the 2015/16 financial year and meet the other eligibility criteria, the government may match your super contribution up to a maximum of $500.[2]

The best part? You don't need to apply for a co-contribution or do anything special other than lodge your tax return in the usual way. If you qualify, the government will pay the co-contribution directly to your super fund.

To find out more, see the government co-contribution page at **unisuper.com.au**.

[1] There has been some debate about taxing super investment returns for over-60s, but super withdrawals and returns currently remain tax-free for these members.

[2] Conditions apply. The maximum $500 co-contribution is only available to those who have incomes below $35,454 and have contributed at least $1,000. The co-contribution payable tapers off for members with incomes between $35,454 and $50,454 (depending on their income level) and for contributions less than $1,000.

5. IF YOU'RE FEMALE, IT'LL HELP YOU ADDRESS THE SUPER GAP

Research shows that there's a gap of more than $92,000 (or 47%) between the average female balance at retirement and the average male balance in Australia.[3]

Putting more in your super could help you close this gap. And if you can put money aside regularly, you'll benefit from the power of compound interest. Make sure your investment strategy is appropriate for your needs as well, because your choices can make a difference.

Check our online *Investment choice* tool for further information.

Wondering how you can find a little bit extra each week? Our *Women & Super – Bridging the gap* webinar has some great savings tips. You can view it at **unisuper.com.au**.

6.YOUR FUTURE SELF WILL THANK YOU

Did you know almost three-quarters (72%) of Australians aged 55 or over are worried about the adequacy of their retirement savings?[4] Look after your future self now and you won't have time for any worry later.

Instead, you could be enjoying a comfortable retirement with, among other things, annual holidays, good quality restaurant meals, and a broad range of leisure activities.

How much can you contribute to your super?

It's up to you how much you want to contribute to your super but you do need to be aware that there are transactional limits, as well as limits called 'contribution caps' on the concessional tax treatment of super contributions and if you exceed those limits you could pay more tax.

Watch our *Contributions and caps* tutorial video at **unisuper.com.au** to find out more.

WANT TO KNOW MORE?
Go to www.superannuation.asn.au/resources/retirement-standard to see how much you'll need to fund a comfortable lifestyle in retirement.

[3] Source: ASFA Superannuation Statistics February 2015 (based on the average balance for males and females aged 60 – 64 for the 2011/12 year)

[4] Source: Investment Trends – Retirement Income Report (2014); Research conducted October to November 2014