

Understanding contribution rates

Deciding what rate to contribute into your super can seem confusing but it is important to understand the impact your contribution rate can have on your retirement outcomes.

ESSS Defined Benefit fund - Contribution rate options

| Table 1 - Benefit Accrual Rates | | | |
|---------------------------------|--------------------------------------|--|--------------------------------------|
| Contribution rate | | Accrual rate each year | |
| After tax salary | Before tax salary (Salary Sacrifice) | Retirement (inc. due to ill health) & Retrenchment | Death, Disability & Optional Benefit |
| 0% | 0.0% | 8.5% | 10% |
| 3% | 3.6% | 14.0% | 16% |
| 5% | 5.9% | 18.0% | 20% |
| 6% | 7.1% | 21.5% | 24% |
| 7% | 8.3% | 25.0% | 28% |
| 8% | 9.5% | 28.5% | 32% |
| 9% | 10.6% | 32% | 36% |
| 10% | 11.8% | 35.5% | 40% |

How does your contribution rate make such a big difference?

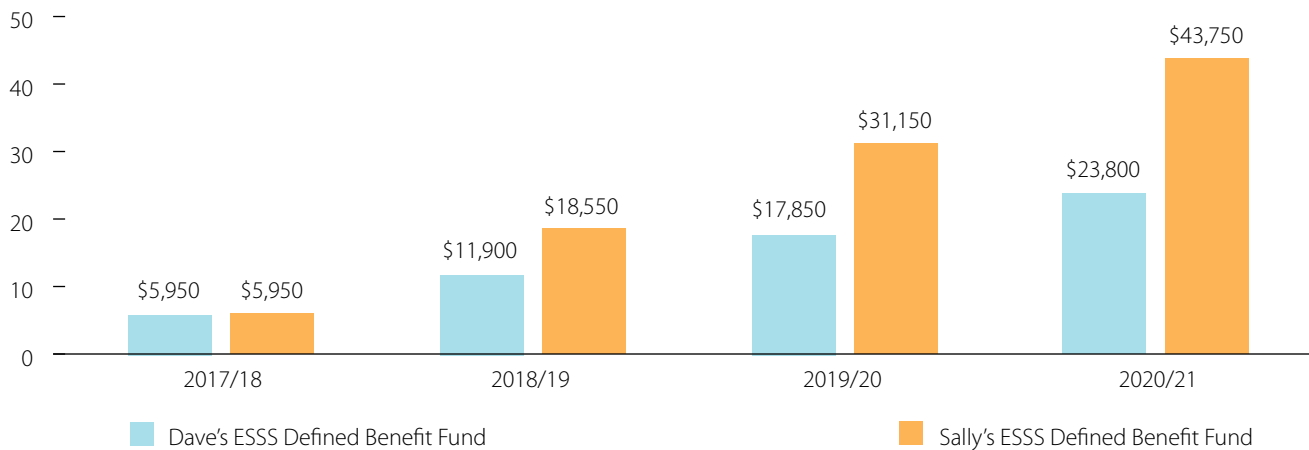
Like all superannuation plans the more you put in, the more you get out. The benefits could be far greater than you realise – now and in the future.

- Increased contributions means you're giving yourself the best chance of maximising your entitlement - this is because you're more likely to reach your Maximum Benefit Multiple.
- Members that reach their Maximum Benefit Multiple are required to stop making contributions to the ESSS Defined Benefit fund (ESSS DB fund). These members then receive additional Employer Contributions that will be paid at a rate of 6% of their salary for 2021/22 to the ESSSuper Accumulation Plan and will increase to 12% by 1 July 2026. These members have a little extra retirement income to enjoy, and the peace of mind knowing they have maximised their ESSS DB fund entitlement.
- Death and disablement entitlements are impacted by the level of contributions a member makes to the ESSSuper DB fund. Higher contributions made by a member to the DB fund during their employment will translate into higher Death and disability benefits during their working life, up to the maximum amounts.

Are you considering a change to your contribution rate?

It is important to consider the effect both increasing and decreasing your contribution rate can have on your retirement outcomes.

If you look at your contribution rates from the short term perspective, the results are quite significant as the example below demonstrates.



See how Dave and Sally, both 56, compare when they retire in 2020/21, after Sally increases her contribution rate from 0% to 5%, both on the same Superable Salary as Dave, of \$70,000 p.a.[^]

[^] The chart is an example only and may not be relied upon as the final amount available. Entitlements will be calculated in accordance with the ESS Act and depend on a member's Final Average Salary (FAS), specific service history, age at joining the ESSS fund and final date of retirement. In this example, the figures are a projection of the accrued entitlements at each relevant time and not necessarily the benefit a member would receive should they leave the fund at that date. This example has been prepared to show the broad effect of contributing to the ESSS fund at different contribution rates. The examples assume a constant superable salary over the period and do not include employer contributions and any investment earnings.

In this example Sally only changed her contribution rate over the last three years and it has already had a significant effect.

It's easy to change your contribution rate*

Log in to Members Online from our website at esssuper.com.au

Complete and submit a 'Change of Contribution Rate Percentage Form' (E120)

Or call our Member Service Centre on 1300 650 161.

* Changing a member's DB contribution rate after 5 September 2006 for any reason will invalidate grandfathering. This includes any catch-up rate (8%,9%,10%) a member may have elected and means the full value of their concessional contributions counts for concessional contribution cap purposes. Call 1300 650 161 for further information.

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