RETIREMENT INCOME ILLUSTRATION

NOW

AGE 40

You

40
years old

$57,000
net income

$100,000
saved in super

YOUR CONTRIBUTIONS

RETIREMENT

AGE 67

You might retire with
$430,747
and live on at least
$52,000
a year

(that's $1,000 per week)

BEYOND

AGE 67+

Your super might
last until age
105

Based on your age
and sex, there is a
1%
chance you will
outlive your super

PSS Police Super Scheme

YOUR PROJECTED RETIREMENT INCOME

This illustration has been produced by the Retirement Income Simulator, and is a guide to the amount of income that you might receive in retirement. Please read it all. The notes on the next page explain more about the way the estimate of your future benefits has been calculated and what will impact on your amount of retirement income.

The results are based on the following inputs and assumptions. the Retirement Income Simulator has used the information you entered as is, and cannot verify the accuracy of those inputs.

ABOUT YOU

Basic details
Male aged 40

Your current base pay
$70,000

Residential status
Homeowner, fully owned

Other income before retirement
$0

Other income in retirement
$0

Your investment assets
$0

Your other assets
$0

Allow for Age Pension
Yes

YOUR SUPER

Your current accumulation account
$100,000

Your employer contribution
11.5% (of salary)

Your after-tax contribution
$0 per year

Your salary sacrifice contribution
$0 per year

RETIREMENT GOALS

Desired retirement income
$52,000

Retirement age
67

Lump sum withdrawals
None

ASSUMPTIONS

Your investment option
The Fund Option

Your expected return (pre retirement)
7.0% p.a.

Your expected return (in retirement)
8.0% p.a.

Percentage based fee
0.00% p.a.

Dollar admin fee
$0

Insurance premium
$1,425

Community wage growth
3.7% p.a.

Price inflation
2.5% p.a.

Improvement in living standards
1.2% p.a.

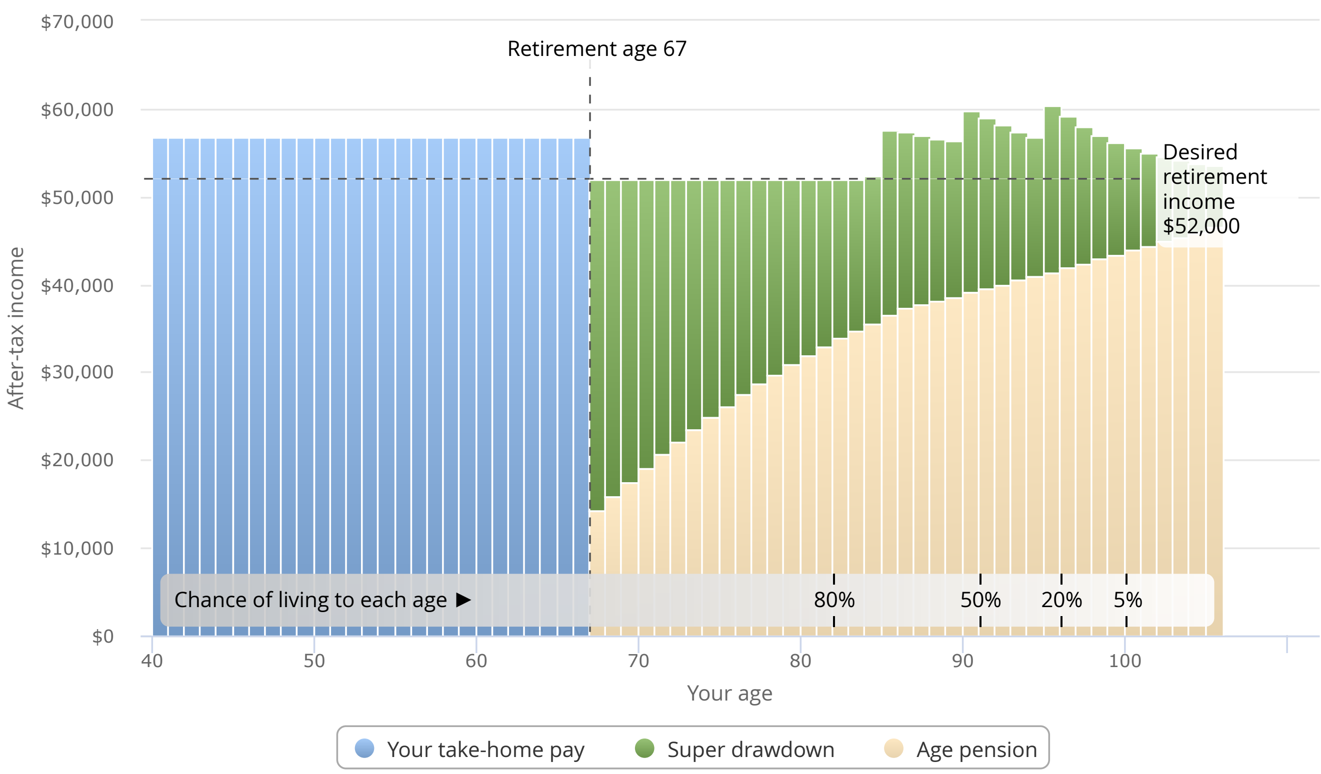
CAREER BREAKS

Your career breaks
None

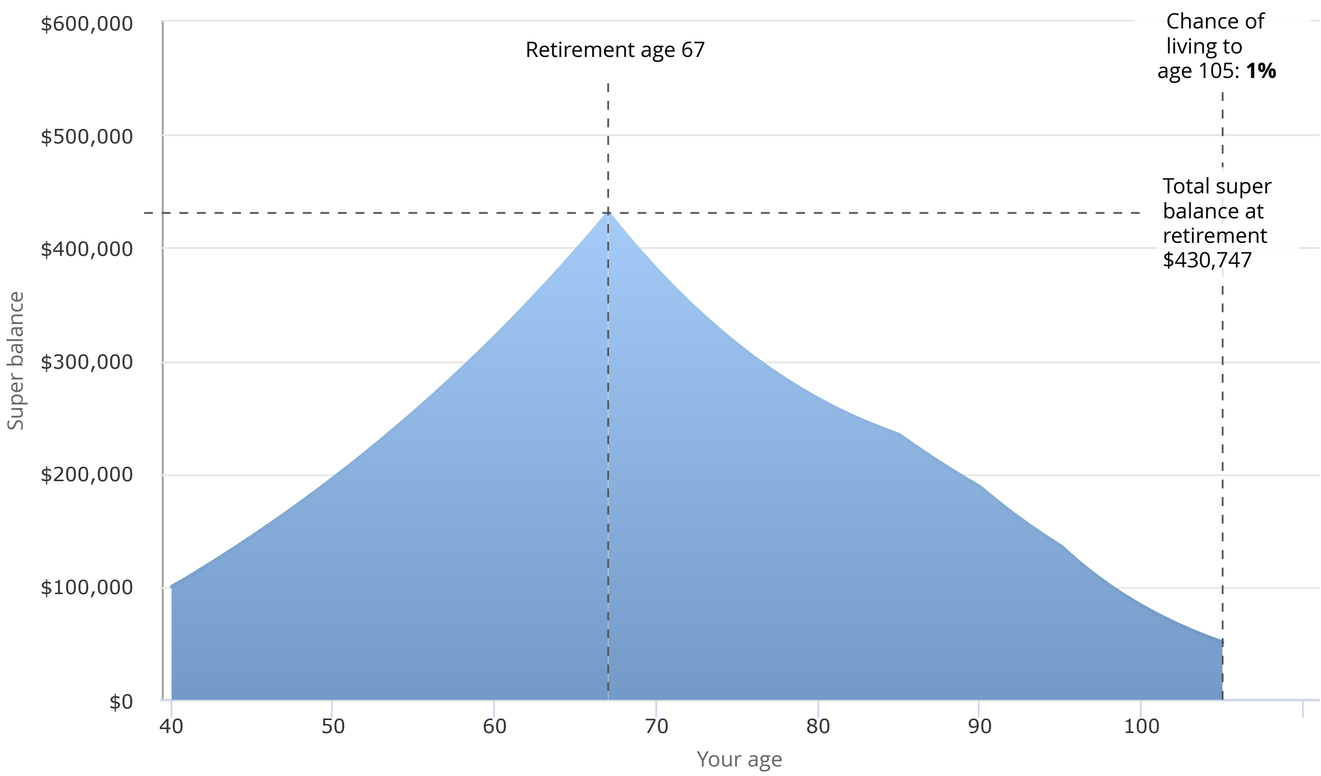
YOUR CAREER CHANGES

None

YOUR PROJECTED INCOME (TODAY'S DOLLARS)



YOUR PROJECTED SUPER BALANCE (TODAY'S DOLLARS)



LIKE TO KNOW MORE / ANY QUESTIONS?

PSS Police Super Scheme

The following pages have further information about how your estimated benefit is calculated - but if you want to know what to do next you should speak to your financial adviser.

YOUR RETIREMENT INCOME

This illustration assumes you will convert your superannuation (up to the transfer balance cap) to an account-based pension on retirement at or after preservation age. This is a widely available retirement product where you can choose how much money to draw down each year. There is no tax payable on earnings or money taken out in respect of a superannuation account-based pension, but you have to take a minimum amount (set by legislation) each year.

In some circumstances you or your spouse (if applicable) may retire before preservation age. We assume an account-based pension will commence at your preservation age, which is estimated based on your current age input into the Simulator.

Among other things, your retirement income will depend on:

- The amount that you draw down from your account-based pension.
- The actual contributions made by you and your employer, and any Government contributions.
- The age you retire or start drawing on your super.
- The way your own super account is invested, and the investment return it achieves net of tax and investment fees.
- Fees and costs - we have allowed for the dollar based insurance and administration fees selected to grow with wage inflation. Your actual fees and costs may differ in the future.
- Tax – we have allowed for contributions tax. Also, the assumed investment return until retirement is net of investment tax. In retirement, if you keep some of your super in an accumulation account, the assumed investment return applied is net of investment tax.
- Your salary growth relative to the community average.
- Whether you change your work hours, take parental leave or have other broken periods of employment.
- The amount you take as a lump sum (if any) at retirement.

THERE ARE NO GUARANTEES

This illustration of your projected retirement income is not a promise or guarantee that when you retire you will receive the income shown here. This is because the illustration is based on a number of assumptions (see below).

THE RETIREMENT INCOME SIMULATOR HAS BEEN DESIGNED FOR MEMBERS WITH ACCUMULATION BENEFITS ONLY

If you have a defined benefit component to your super, most of the information that the Retirement Income Simulator provides will not be relevant to you. You should not make any decisions about your super or finances based upon the results from the Simulator without first consulting a licensed or appropriately authorised financial adviser.

WE HAVE HAD TO MAKE ASSUMPTIONS

In estimating your benefits we have used various assumptions in our calculations. The default assumptions are considered reasonable for calculating estimates because they reflect the current environment and are consistent with each other. However, they may not be borne out in practice. Also rules about tax, super and the Age Pension may change in the future.

The results given depend on the assumptions input. If these assumptions are not borne out in practice the actual level of your superannuation fund at retirement may be different from that projected. In particular, if you are close to retirement, short-term negative investment returns could significantly reduce the lump sum you may be able to take in retirement. It is recommended that you get regular updates of the projections and run a number of projections by varying the editable assumptions to illustrate the impact of changes in these assumptions on the projections, for example, the effect of different investment returns. There are other assumptions used in the calculations which are set by legislation and cannot be changed (e.g. tax bands and Age Pension means test thresholds).

You should seek professional financial advice if you wish to obtain a comprehensive estimate of your overall financial position at retirement.

A projection prepared more than 24 months ago should not be used for any purpose without having the assumptions reviewed. The Simulator will be updated from time to time with changes in the legislative environment.

Today's dollars

This illustration will give you an estimate of your benefits and retirement income in today's dollar values after taking out the effects of inflation. Showing results in today's dollars allows you to consider your future retirement income in the context of today's goods and services and your current standard of living.

For periods up to retirement age, the today's dollar amounts have been calculated by deflating future dollar amounts using community wage growth. Wage growth is commonly described as a combination of price inflation plus a margin for improvements in living standards. It is assumed your personal salary growth is the same as community wage growth. The Simulator estimates wage growth by adding a margin to the rate of price inflation shown on the Assumptions panel. For periods after retirement, the today's dollar amounts have been deflated by price inflation (CPI is a common measure of price inflation). This means your standard of living in retirement doesn't keep pace with that of the wage earning community.

All Simulator inputs should be in today's dollars.

Current environment

Unless otherwise stated the calculations are based on legislation and rules at 1 July 2024. In particular, the illustration allows for:

- Stage 3 income tax cuts
- Age Pension means tests
- Phased increases to the Superannuation Guarantee rate (to 12% of earnings)
- Concessional and non-concessional contribution caps
- Higher contributions tax (Division 293)
- Restricting after-tax (non-concessional) contributions once super balance exceeds $1.9m
- Restricting the amount transferred to an account based pension on retirement to $1.9m
- Low Income Superannuation Tax Offset (LISTO)

The illustration does not allow for:

- Low Income Tax Offset
- Senior and Pensioner Tax Offset
- Any applicable benefit payment tax before age 60
- Any Centrelink payments apart from the Age Pension (including supplements)

The illustration assumes that legislative thresholds and limits relating to superannuation, tax and social security are increased or indexed in line with wage inflation (unless otherwise stated). The actual rate of increase in these legislative thresholds and limits may vary from the assumed wage inflation rate.

The Simulator will be updated from time to time with changes in the legislative environment.

You are assumed to be exactly your input age; for best results, you should use your nearest age at the current date.

Age Pension

The Age Pension amount for each year has been calculated based on your super assets and the Centrelink means tests. The illustration assumes that you are an Australian resident. In the projection, the Age Pension is indexed with wage inflation, while the asset and income test thresholds are indexed in line with price inflation. The illustration assumes the Age Pension income test to be as it applies to new Age Pensioners from 1 January 2015 and asset test as it applies to all Age Pensioners from 1 January 2017. If you retired before these dates it is possible that different rules apply to you which would change the results. You should seek financial advice if this applies to you. For the purposes of the means tests, your total financial situation is assumed to be represented by the information you enter on the Other Assets/Income panel and your projected super benefit.

Investment returns and inflation

There are a number of factors that will affect the growth of your super and the retirement income it will provide. Some of the major factors, like investment returns and inflation, will fluctuate over time, but are assumed to lie within certain ranges over the long term.

For simplicity, the values for investment return and inflation remain the same for each year of the projection. The default investment return has been set based on the underlying assets and is considered a reasonable long-term estimate. If you have changed the default values it is possible that unrealistic scenarios will be projected. Note that the Simulator imposes some limits on the fixed assumptions but the actual experience could be outside these ranges (e.g. investment returns may be negative in some years).

If you have enabled a simulated "stress test", the values used for investment return and wage inflation are based on simulations of different future economic scenarios from Mercer's Capital Market Simulator taking into account the underlying assets. The values for each of these elements will vary from year-to-year (and may be negative in some years).

Tax File Number

There are significant taxation penalties if you do not provide your Tax File Number to your superannuation fund. The illustration operates on the basis that you have provided your Tax File Number, and cannot simulate the impact of not doing so.

Salary

Your input salary above has been used to calculate Superannuation Guarantee (SG) contributions, eligibility for any Government contributions, and to work out your after-tax income.

Contributions

If you are employed, employer contributions are calculated based on the input contribution rate and your gross salary (i.e. not limited to the Superannuation Guarantee maximum contribution base, which is the maximum Superannuation Guarantee contributions that an employer is required by law to make for an employee). Employer contributions are assumed to be at least 11.5% of salary, increasing to 12% of salary by 1 July 2025.

If you are self-employed, the illustration assumes you do not receive Superannuation Guarantee or any other employer contributions.

Salary sacrifice contributions come from your pre-tax salary, while after-tax contributions are taxed as salary before going into super. Note that salary sacrifice contributions include any contributions for which a tax deduction is claimed. The amounts of salary sacrifice and after-tax contributions are assumed to increase with wage inflation.

Consistent with superannuation law, the illustration operates on the basis that salary sacrifice and after-tax contributions can be made up to age 75 (provided the work test is met for those over age 65) see the [Australian Taxation Office (ATO) website] for information about the work test), but there is no age limit on Superannuation Guarantee contributions.

The illustration allows for excess contributions tax if you input contributions above the legislative limits (which are assumed to be indexed in line with wage inflation). Please refer to the Tax section for more information.

Government co-contribution

The illustration assumes that you are eligible for the Government co-contribution if your salary is less than the legislated limits (e.g. $60,400 in the financial year 2024/2025) and you make after-tax contributions. For full details of the eligibility criteria for the Government co-contribution, visit the [ATO website]. For the purposes of calculating the Government co-contribution (if applicable), it has been assumed that your total annual assessable income plus reportable fringe benefits is equal to your current salary plus other pre-retirement income (or half of your other income if you have a spouse) you input. It has also been assumed that the income limits are increased in line with wage inflation.

Low Income Superannuation Tax Offset (LISTO)

The illustration assumes you are eligible for the LISTO if your salary plus other income (or half of your other income if you have a spouse) is less than $37,000. For full details of eligibility criteria visit the [ATO website]. The amount of the LISTO (if applicable) is calculated as 15% of your concessional (pre-tax) contributions, subject to a maximum LISTO of $500.

Tax

Employer contributions and salary sacrifice contributions are taxed at 15%. However, significant additional tax applies if your contributions to superannuation exceed certain legislative limits. The limits for the 2024/2025 financial year are:

- The limit for concessional (employer or salary sacrifice) contributions is $30,000.
- The limit for non-concessional (after-tax) contributions is $120,000.

The illustration assumes that these limits are indexed with wage inflation unless otherwise indicated.

If the sum of employer contributions and salary sacrifice contributions exceed the concessional contributions limits above, the excess is taxed at your marginal tax rate (including Medicare levy) and the illustration deducts this tax from your super balance at the point of the contribution; hence the excess concessional contribution interest charge is not allowed for. The illustration also does not allow for the carry forward of unused concessional contributions cap.

Under superannuation law, individuals under age 65 can make up to $360,000 in non-concessional contributions in one year (but the amount of non-concessional contributions that they can make are limited in the following two years so that no more than $360,000 can be contributed for the individual over the three years). Note that the illustration does not allow for this.

After-tax (non-concessional) contributions below the non-concessional contributions limit are not taxed. After-tax contributions over the limit are taxed at the highest marginal tax rate (plus Medicare levy).

If your super balance exceeds $1.9 million you'll no longer be eligible to make after-tax contributions. If you have elected to make regular after-tax contributions, the illustration will not apply these contributions from the year after you become ineligible (the contributions will remain in after-tax income). If you elect to make a one-off after tax contribution, but are no longer eligible, this contribution will not be made. The illustration assumes this limit is indexed in line with price inflation.

The illustration allows for future application of the Division 293 tax on the contributions of high income earners. Division 293 tax is levied on the "low tax" contributions of members whose "adjusted income" exceeds $250,000. The illustration assumes your "adjusted income" to be the sum of your salary, other income and concessional contributions. The illustration does not allow for any existing Division 293 debt that might be held with the ATO and assumes future Division 293 tax is paid from your after-tax income in the year it is incurred. For full details of the Division 293 tax, go to the relevant ATO website page.

The illustration assumes that the investment return used for the accumulation of the super balance has been reduced for investment tax. The illustration also assumes that investment earnings on retirement income stream products are not subject to tax. Please note that the investment earnings on any amount exceeding the $1.9m transfer balance cap (which the illustration assumes is kept in accumulation phase) are taxed at 15%.

Benefit payments are tax-free if you are aged 60 or over. This is reflected in the calculations of the illustration. The illustration does not allow for any applicable benefit payment tax for amounts taken under age 60.

Fees and insurance cost

The assumed percentage based fees are the fees that are expressed as an annual percentage of your super balance. This may include items such as the administration fees, investment fees and indirect cost ratio. The illustration deducts these amounts from the investment return shown prior to calculating earnings for each year.

The assumed insurance and administration fees are deductions expressed as an annual dollar amount, which may include dollar based administration fees and current insurance premiums. The illustration assumes that these fees will increase in line with wage inflation and are deducted from your super balance each year until you retire. The total of you and your spouse's (where applicable) current level of insurance and administration fees are shown above.

The illustration does not cap administration fees to a maximum dollar value each year. Where a fee cap does apply to your balance, the illustration may produce a more conservative calculation than if a fee cap was applied.

Home Loan

Your current home loan amount increases with interest at the input interest rate and is reduced by the annual equivalent of the monthly repayment entered. Your home loan repayment is assumed to be paid regardless of your income, and hence is not shown as impacting your after-tax income on the Your income chart. While the illustration does not set a lower limit on repayments, it may not be realistic to model a very low repayment amount.

At retirement, you can choose to withdraw a lump sum amount from your super to pay off any remaining home loan. The maximum you can pay off is the lesser of the outstanding loan and your super balance at retirement. If you have a spouse retiring at the same time (or already retired), the home loan repayment is taken proportionally from each partner's super. If only one spouse is retired the repayment comes from their super.

Other income

In addition to income from your superannuation and Age Pension, you may have other sources of retirement income.

Earnings from any investment assets that you expect to have at retirement will contribute towards your retirement income. Investment assets include items such as bank and building society deposits, cash, shares and term deposits. The illustration determines the earnings on investment assets by using deeming rules from the Age Pension income test. The illustration does not allow for the capital of your investment assets to be drawn down.

Other Income (eg from rentals and hobbies) is assumed to increase with wage inflation up to retirement, and price inflation thereafter.

Life expectancy

The average life expectancy age and chance of survival has been calculated based on the Australian Government Actuary, Australian Life Tables 2020-2022. The calculations allow for future improvements in longevity from your current age, based on historical improvement rates.

Prepared by

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