

Your Retirement Income

Statement of Advice

Your lifestyle in retirement will depend very much on how much you manage to save between now and then.

There are many things that will affect your final superannuation balance and your retirement income – your employer and personal contributions, changes in your circumstances, Government regulations, super tax rules and movements in global share markets.

However, it is possible to project your potential retirement income based on existing rules and personal circumstances.

On the following pages you will find indicative projections of your super benefit and retirement income, based on **your account in the XYZ Australian Staff Superannuation Scheme only.**

We've also prepared an alternate projection scenario so you can see the impact of making additional contributions.

Our calculations are based on information about you, provided by XYZ Staff Superannuation (Australia) Pty Ltd, the Trustee of the Scheme. Check the "About you" section carefully and let us know if any of this information is incomplete or incorrect.

We've also made a range of assumptions about investment returns, tax rates, inflation and your future contributions and spending patterns, among other things. These assumptions are detailed in the following pages.

These projections are indicative only and are designed to help you understand how your super is tracking.

If you would like further advice or before you make any decisions about your superannuation you should speak to a licensed or appropriately authorised financial advisor.

If you'd like more information on your super, you can call XYZ Staff Super on 1800 000 000.

Are you OK with a retirement income of \$53,000 per year until age 92?

Read on to find out more...



Do your homework now so you can play later

As we move through our working lives towards retirement our financial goals change.

It's a fine balancing act to meet our more practical needs now and still have a comfortable income in retirement. An effective plan means your super can perform well for you now and in the future.

As an XYZ Staff Super member, you'll receive a 30 per cent discount on the adviser fee when you speak to one of XYZ's authorised financial planners.

See the Financial Planning fact sheet on the 'Forms and publications' tab at www.xyzstaffsuper.com for more information.

We have had to make assumptions

In order to estimate your benefits we have used various assumptions in our calculations. If these assumptions are not borne out in practice the actual level of your super balance at retirement, and your retirement income, may be different from that projected. Also rules about tax, super and the Age Pension may change in the future. It is recommended that you get regular updates of the projections. You can do this using the Retirement Income Simulator provided on the Scheme website www.xyzstaffsuper.com. You should seek professional financial advice if you wish to obtain a comprehensive estimate of your overall financial position at retirement. You should not make any decisions about your super or finances based upon the results from the projection statement without first consulting a licensed or appropriately authorised financial adviser.

Investment return

We have based the assumed investment return on your current majority investment option, that is the option that holds the largest share of your current balance. The assumed return for this option has been determined based on long term investment modelling and represents an average expected return over periods of more than 10 years. In practice, returns on your super will fluctuate from year to year.

Contributions

We have based your assumed salary sacrifice contributions on your 2014 contributions, but have limited it if you're at or above the concessional cap. For more information about the concessional cap call XYZ Staff Super on 1800 000 000.

The projection assumes your post-tax contributions in 2014, capped at \$10,000, will continue.

Please see page 12 for more information about the assumptions and methodology.

About you

Description	Value
Member number	137
Nearest age	27
Salary ¹	\$114,155
Account balance at 31 December 2014	\$40,579
Employer contributions in the year to 31 December 2014	\$11,046
Salary sacrifice contributions in the year to 31 December 2014	\$0
Post-tax contributions in the year to 31 December 2014	\$0
Investment option ²	Balanced Growth

¹ As recorded in the Scheme's administration database (excluding Superannuation Guarantee contributions).

² The option with the majority of your balance at 31 December 2014.

Assumptions

Description (per annum)	Value (today's dollars)
Retirement age	67
Desired income in retirement ³	\$53,097
Investment return pre-retirement	6.1%
Investment return post-retirement	7.1%
Account management fees ⁴	0.1%
Annual insurance premiums	\$90
Community wage growth	4.0%
Employer SG ⁵ contributions	SG percent of salary
Salary sacrifice contributions	\$0
Post-tax contributions	\$0
Tax rules	2014-2015 Financial Year

³ 65% of after-tax salary, subject to a maximum of twice the ASFA comfortable standard for couples (\$116,652).

⁴ Actual fees may vary.

⁵ Superannuation Guarantee.

Income projections



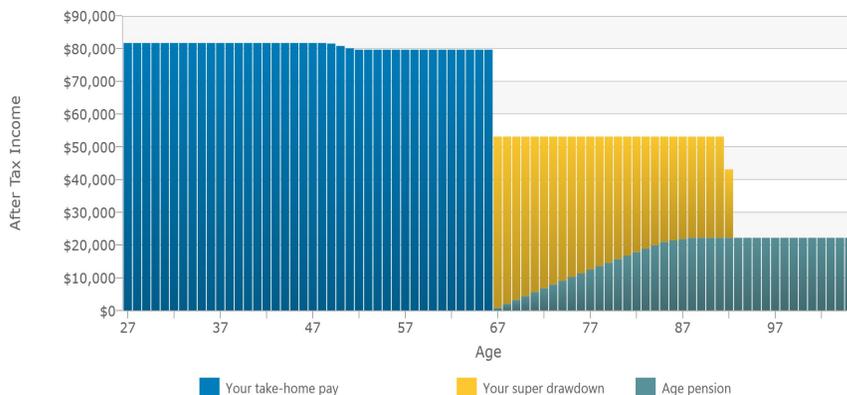
The charts on the following page show your projected level of income, including the Age Pension if you are eligible to receive it.

The following charts give results in today's dollar values. 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. The today's dollar amounts have been calculated by deflating future dollar amounts using community wage growth.

If your chart shows your retirement income at a higher level than assumed, this is because minimum drawdown requirements apply. If you choose to draw a lower income in retirement then your super will last longer. Similarly, if you choose to draw a higher income in retirement then your super will run out sooner.

Where you're headed...

This chart is based on the assumptions on the previous page.



Take action!

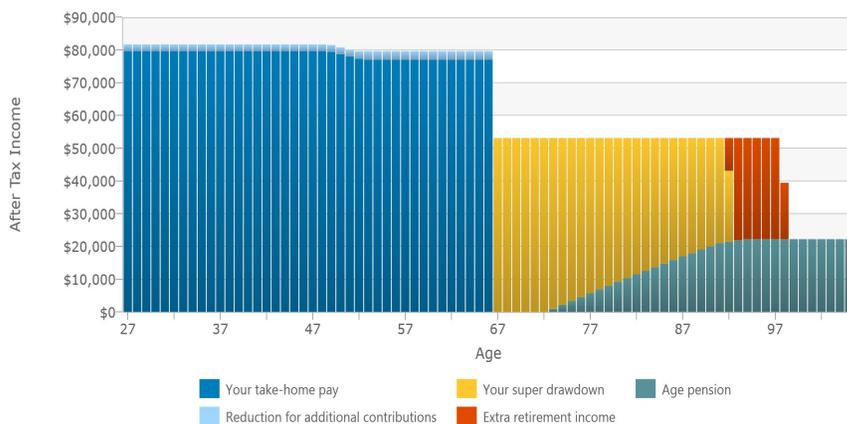
If you would like to talk with someone about increasing your contributions call XYZ Staff Super on 1800 000 086

The assumed retirement income of **\$53,097** (in today's dollars) is expected to last until around age **92**.

Approximately **6** out of **10** females will live past **92**.

Where you could be...

This chart is based on the assumptions on the previous page, but with additional salary sacrifice contributions of 3% of salary.

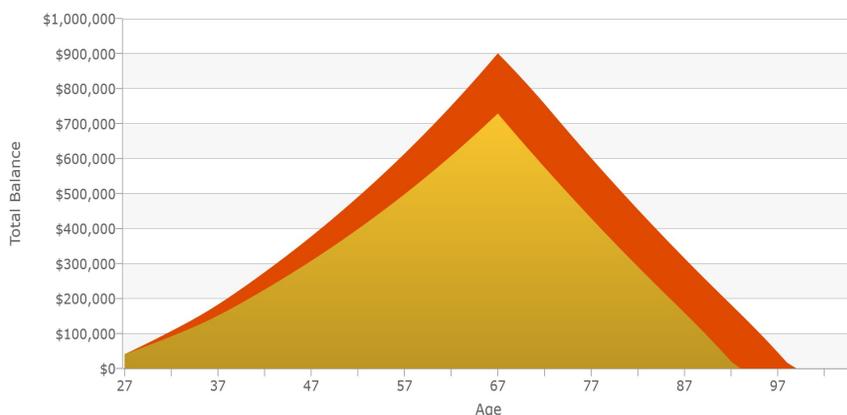


The assumed retirement income of **\$53,097** (in today's dollars) is expected to last until around age **98**.

Approximately **2** out of **10** females will live past **98**.

Your super balance...

This chart shows how your super balance (in today's dollars) might move over time. Both lines are based on the assumptions on the previous page, but one includes additional salary sacrifice contributions of 3% of salary.



Under the assumptions on the previous page, your projected retirement benefit is **\$729,000 (in today's dollars)**

With the additional contributions of 3% of salary, your projected retirement benefit is **\$901,000 (in today's dollars)**

Retirement Income Simulator

The Scheme's website www.xyzstaffsuper.com features the *Retirement Income Simulator* which can help you to model your estimated retirement income.

You can access the *Retirement Income Simulator* via the link on the home page or on the "Planning tools" page on the "Information" tab.

If you'd like the *Retirement Income Simulator* pre-populated with your details so you don't have to fill them in, login to the secure section using your member number and PIN and click on the *the Retirement Income Simulator* icon on the right-hand side of the "Your super amount" page.



Remuneration and conflicts

The Trustee of the Scheme has paid for the preparation of this Statement of Advice. Mercer Consulting (Australia) Pty Ltd and Mercer Outsourcing (Australia) Pty Ltd, the administrator of the Scheme are subsidiaries of Mercer Australia Pty Ltd. We do not believe there are any conflicts in the provision of this advice.

Current legislation

The projections start from 1 January 2015 and you are assumed to be the listed age for the whole year. Unless otherwise stated the calculations are based on legislation and rules at 1 July 2014. In particular, the projection allows for the delayed increases to the Superannuation Guarantee (to 12% of earnings). The projection does not allow for the Low Income Tax Offset or the Temporary Budget Repair Levy.

Account based pension

Among other things, your retirement income from super will depend on:

- The amount you draw down from your account based pension.
- The actual contributions made by you and your employer.
- The age you retire or start drawing on your super.
- The investment returns your fund achieves net of tax and investment fees.
- Fees and costs – we have allowed for your insurance premium to grow with wage inflation. Your actual fees and costs may differ in the future.
- Tax – we have allowed for 15% contributions tax and, if applicable, Division 293 tax (and the assumed investment return until retirement is net of investment tax).
- Your salary growth relative to the community average.
- Whether you change your 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 significant taxation penalties if you do not provide your Tax File Number to your superannuation fund. A basic assumption of this projection statement is that you have done this.

This statement makes no allowance for resources (assets or income) outside of your super in the Scheme. You may not be eligible for some or all of the age pension amount if you have additional income or assets. You can explore the impact of including other resources in the *Retirement Income Simulator* (refer to description above).

Assumptions and methodology

- The amount you draw from your super has been calculated assuming you will maximise the amount of Age Pension you receive, whilst maintaining your desired retirement income. We have assumed that the Age Pension and the asset and income test thresholds will be indexed in line with wage inflation. The projection allows for the pause of indexation of the asset test threshold for three years from 1 July 2017.
- The projection assumes that the investment return used for the accumulation of the super balance before retirement has been reduced for investment tax and investment costs. After retirement, investment earnings are not subject to tax, and the investment return used in the projection grosses up the return to remove the effect of tax.
- In the alternative scenario, we have not limited your contribution to your concessional cap. The projection does allow for excess contribution tax, which is at your marginal tax rate (including Medicare levy). The excess concessional contribution interest charge is not allowed for.
- The projection allows for future application of the Division 293 tax on the contributions of high income earners (if applicable). Division 293 tax is levied on the "low tax contributions" of members whose "adjusted income" exceeds \$300,000. The projection assumes your "adjusted income" to be the sum of your salary, other income and employer contributions. It 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.
- We have assumed that you are not eligible for the Government co-contribution as your salary is greater than \$49,488.
- We have assumed that you are not eligible for the Low Income Super Contribution as your salary is greater than \$37,000.
- Your insurance premium has been estimated based on the amount you paid during 2014.
- Your retirement age has been assumed to be the first birthday at which you are eligible for the Age Pension.
- We have based the Age Pension amount on the single rate for a homeowner. Pension rates and eligibility rules may change in the future.
- The life expectancy age has been calculated based on The Australian Life Tables 2010-2012. The calculations allow for future improvements in longevity from your current age, based on average improvement rates over the past 25 years.