House of representatives Standing Committee on
Economics, Finance and Public Administration

Submission No: 50

Date Received: 18/10/05

Secretary: [signature]

SUBMISSION NO. 50.
TOWER AUSTRALIA LTD.
18 OCTOBER 2005.

SUBMISSION 50

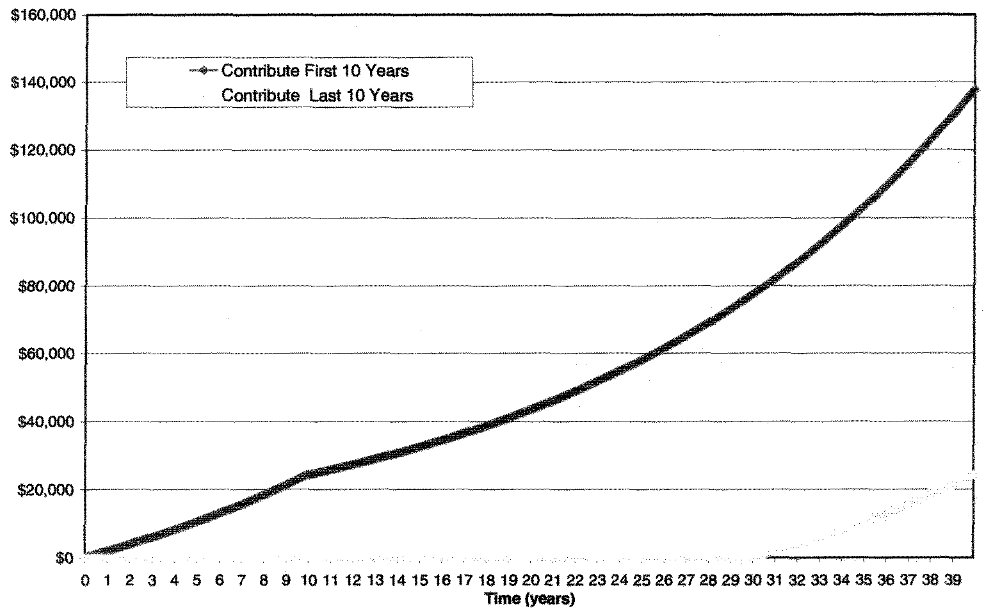
Submission to the Standing Committee on Economics, Finance and Public Administration

Inquiry into improving the superannuation savings of people under 40

TOWER Supplementary Material

The following graph illustrates the impact of commencing superannuation contributions earlier rather than later. In this example, contributions of $150 per month are made for 10 years. If these contributions commenced at age 55, then by retirement at age 65, a superannuation balance of $24,309 will have accumulated. In contrast, if contributions commenced at age 25, and then ceased after 10 years, a superannuation balance of $137,654 will have amassed by age 65. Therefore, by simply saving earlier, a person could increase their retirement benefit threefold.

Indeed, even if contributions during the last ten years prior to retirement were doubled, a retirement balance of just $48,617 will have accumulated. Clearly by introducing initiatives that encourage people to save early, people in the community could enjoy larger superannuation account balances.



Assumptions

Contributions are assumed to be made at the end of each month.
A net earning rate of 5.95% is earned over the forty years.
No additional tax or charges are incurred.
No tax is paid on contributions.