

# Five easy ways to get a big superannuation boost

May 13, 2016

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Cutting one bought coffee a day from age 30 can add almost \$130,000 to your super balance by retirement.



Reducing your daily coffee intake is a great super habit. *Photo: Getty*

Sacrificing one bought coffee a day and contributing the equivalent value into a superannuation account can have a massive retirement savings effect over the course of one's working life.

How much? Try \$128,208, if you're aged 30 and willing to commit to a long-term caffeine sacrificing arrangement.

That's one of the useful calculations available on the Association of Superannuation Funds of Australia's (ASFA) website [superguru.com.au](http://superguru.com.au), which shows the long-term impact on retirement savings if individuals are willing to give up just a few of their regular spending passions and divert the equivalent savings into superannuation.

That can be done via a salary sacrificing arrangement with your employer, and changes just announced in the budget will make it easier to contribute more into super directly. The younger the person involved, the bigger the savings over time. Below are five easy ways to get more into your super, if you're willing to make a few sacrifices.

A SUPER SAVINGS BONANZA	SAVINGS		
	30-YEAR-OLD	40-YEAR-OLD	50-YEAR-OLD
1 <b>coffee</b> a day	<b>\$128,208</b>	<b>\$67,748</b>	<b>\$30,630</b>
1 <b>wine</b> a week	<b>\$48,033</b>	<b>\$25,382</b>	<b>\$11,476</b>
1 <b>lunch</b> a week	<b>\$48,033</b>	<b>\$25,382</b>	<b>\$11,476</b>
1 <b>clothing item</b> a month	<b>\$88,677</b>	<b>\$46,859</b>	<b>\$21,186</b>
1 <b>cinema session</b> a month	<b>\$19,952</b>	<b>\$10,543</b>	<b>\$4,767</b>

A hand holding a white coffee cup with a brown sleeve featuring a large dollar sign.

## **A caffeine-fuelled super boost**

Using an average price of \$3.80 per day for a cup of coffee, ASFA calculates that a 30-year-old person with a “moderate” superannuation investment strategy (equivalent to a balanced asset allocation) will generate savings that by retirement age could buy close to 34,000 coffees assuming no change in the price of a coffee. But it’s never too late to start. Even cutting one coffee a day from age 40 will save almost \$70,000 by retirement, and from age 50 around \$31,000.

## **Two drinks a week**

It’s a sobering calculation, but ASFA calculates an individual can save about \$48,000 by skipping a bought alcoholic drink every week. Multiply that by two or more and the savings are massive. Cutting three drinks a week will save around \$144,000 for a 30-year-old by retirement.

## **Make your own lunch**

Making just one lunch a week can add thousands to your super. Cutting back one lunch and diverting \$10 a week extra into super will add \$48,033 in savings by retirement for someone aged 30, according to ASFA. But for those with the appetite for even bigger super savings, making lunch every day will save \$240,167 by retirement. From age 40, the savings would be more than \$140,000, and from age 50 close to \$60,000.

## **Wear less and build wealth**

Clothing can be a big expenditure item for many, but reducing one’s monthly fashion spend will be another big super saver over time. ASFA calculates that a 30-year-old can save \$88,677 extra by retirement from trimming back their clothing purchases by \$80 per month.

## **Watch it on TV**

Australians love watching movies at the cinema, but sacrificing one movie per month will lead to almost \$20,000 in extra superannuation savings for a 30-year-old. But as many of us go to see a movie with a spouse, and sometimes children as well, the combined savings can be easily be double that over time.

“ASFA believes that it’s important that members of the community take steps whenever they can to boost their super account balances, in order to generate sufficient incomes throughout retirement,” ASFA chief executive Pauline Vamos told *The New Daily*. “There is both good and bad news in the budget in terms of the ability to put extra contributions into super. The lower cap for concessional contributions (Superannuation Guarantee and salary sacrifice for most people) and the lifetime cap on non-concessional contributions limit the capacity to contribute more.

“However, the proposed measure which allows income tax deductions for personal contributions for anyone under 75, introduces a level of flexibility which we think is very important. Making it easy for people to contribute over and above the Superannuation Guarantee is the best way to ensure that they will retire with an account balance which allows them to live a comfortable lifestyle.