It's super just how far $20 a week can grow

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BOOST: Martin Fahy says small amounts make a difference.

TWENTY dollars won't get you too far these days: perhaps a handful of takeaway coffees, a bought lunch or two, or a single cocktail at a bar on the weekend.

However, $20 goes a long way, for a long time, in your superannuation.

Projections by super industry group ASFA show that salary sacrificing $20 a week into super can deliver a 20-year-old an extra $435,000 in retirement, or $87,000 in today's dollars.

A 30-year-old can build an extra $198,000 ($55,000 in today's dollars), while for a 40-year-old it's $82,500 ($33,000). A 50-year-old gets an extra $29,700 ($16,500).

ASFA chief executive Martin Fahy said the numbers highlighted the power of compound interest over many years. "Even small amounts can make a big difference in the long term," he said.

Dr Fahy said last month's superannuation rule changes did not negatively affect most people's super. "We encourage people not to be put off, and have confidence in the system – it's still the best way to save," he said.

ASFA is a key supporter of this year's Super Booster Day campaign, which runs until September 15 and aims to highlight the long-term benefits of making extra contributions to superannuation.

Salary sacrifice allows workers to save tax because their money goes into super before their marginal tax rate of up to 47 per cent – is applied. Lower income workers can enjoy even bigger benefits through the Federal Government's super cocontribution, where after-tax deposits into super attract a $500 government injection annually for anyone earning below $36,813 a year and paying in $1000.

A smaller co-contribution is paid for people earning up to $51,813.

Financial strategist Theo Marinis said for a young worker, an extra $20 a week into super now would be worth almost $4500 a year in bonus retirement income.

"You give up one coffee a day and then you get $4500 a year extra in retirement and can buy everybody coffees," he said.

"If your circumstances change you can pull back, and when your circumstances improve you can up it."

Mr Marinis said people were put off by the constant changes to super rules. "I have been in this game for 30 years and there have been changes to the rules for 30 years. If you kept putting it off, you would have missed out on a lot of benefits," he said.

Making automatic payments through direct debits worked best for most people, he said. "You won't even notice it, but you will certainly notice it in 30 years' time."

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