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Superannuation balance: the nest egg you should have at your age

Is your nest egg underdone? Check our table to see what your balance should be, and discover how to boost it if you're behind.

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Super fund balances are set for another boost soon, but a vast majority of Australians are well behind where their nest egg should be to achieve a comfortable retirement.

Ahead of compulsory superannuation contributions climbing to 10.5 per cent on July 1, the latest data from the ATO and Association of Superannuation Funds of Australia shows why it's wise to take action early.

It shows:

A 30-year-old single requires \$54,000 in super for their nest egg to grow to the \$545,000 that ASFA estimates will deliver a comfortable retirement, but the current median super account balance for 30-to-34-year-olds is \$38,764 for men and \$32,904 for women.

For 40-year-olds the gap widens – \$143,000 is needed, but median balances for 40-44 year olds are \$92,303 for men and \$65,840 for women.

Those reaching 50 this year should have \$257,000. However, the median balance for men aged 50 to 54 is \$139,444 and for women it's \$92,671.

Super specialists say many people are behind schedule because super has only been compulsory since the early 1990s, and back then it started at a low rate of 3 per cent of wages.

ASFA deputy CEO Glen McCrea says people don't need to panic, because there is "always time and opportunity to catch up".

"The one thing that is pleasing is on 1 July we are going to go to 10.5 per cent, and gradually get up to 12 per cent and that's going to make quite a difference," he says.

<https://www.couriermail.com.au/lifestyle/smart/superannuation-balance-the-nest-egg-you-should-have-at-your-age/news-story/7b6593ccd954524edbf645e652ae0b79>



Paige Hinson says impending motherhood has prompted her to think more about her super.

The latest data is from mid-2019, before the strong super fund returns of 2021 and the Covid-related super release withdrawals of \$20,000 per person allowed in 2020.

“It does give a good indicator – but we know a million people have less than a thousand dollars in their super now,” McCrea says.

ASFA’s widely respected retirement standard shows while a single requires \$545,000 of super to live comfortably in combination with the age pension, a couple requires \$640,000 combined – much less per person.

“If you have two people earning, it is easier to get to a comfortable standard,” McCrea says.

“Not everyone’s going to get there, and people shouldn’t panic – one size doesn’t fit all.”

McCrea also recommends people speak with their super fund.

Paul Feeney, CEO of online financial advice firm Otivo.com, says most people don’t pay attention to super until they are nearing retirement.

“The greatest asset we have in building wealth is time – the earlier we start adding to super the greater our retirement savings will be,” he says.

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Feeney says people can boost their balance by taking extra interest in their super fees and investments, making extra contributions from their salary, and talking to friends about what they do with super.

Paige Hinson and husband Alex will soon have their first child, and she says impending parenthood has “totally changed” her attitude towards super.



Paul Feeney, founder of online financial advice business Otivo.

Hinson has started adding extra to super to try to make up for the contributions she won't receive when on maternity leave.

“But the reality is I will miss out on my usual super contributions during this period which will impact my super in comparison to my partner's when we retire,” she says.

Financial strategist Theo Marinis recommends salary sacrificing into super, which also delivers tax deductions, instead of relying solely on compulsory employer contributions.

“With super it's as soon as you can, as much as you can for as long as you can,” he says.

“The more that goes in earlier, the more compound interest does the heavy lifting for you.”

Tax-deductible contributions of up to \$27,500 a year are allowed, and people can also contribute \$110,000 a year of after-tax contributions to build their balance quickly for a tax-free retirement.

Marinis says people shouldn't panic about not reaching \$545,000: "even if you don't get there you are going to get some Centrelink too".

SUPER CHECKUP

Age Required super balance

25	\$17,000
30	\$54,000
35	\$93,000
40	\$132,000
45	\$195,000
50	\$257,000
55	\$330,000
60	\$415,000
65	\$503,000

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