

Retirement Savings Account



Why you should open an RSA

The concept of having your savings professionally managed so they can continue to grow and provide an income after retirement is not well established in PNG.

In fact, many members tell us they plan to use their retirement savings to establish a small business so they can continue to earn an income.

The RSA was created to help members, who have finished work, to use their superannuation savings to replace their income. Some RSA members choose to receive 1 or 2 lump sum payments a year instead of a regular fortnightly payment. Either way, the larger your roll over balance, the more interest you will earn to provide for you longer into retirement.

The more you have in RSA, the more interest you earn each year.

At Nambawan Super, we have a team of professionals who know how to invest money so that it continues to grow. Our members, such as teachers, nurses, police officers and hotel workers, are not professional investors. It is big change to leave your profession which you are very experienced and skilled at, to then be expected to wisely invest large amounts of money so it can last throughout your retirement. Add to that pressures from family and other demands, members have told us they can find their lifetime savings spent or distributed quickly.

With a Retirement Savings Account, Nambawan Super's professional investment division looks after your money for you, and you can enjoy a regular income paid to your account.



Case study of how an RSA works – looking back

In this case study, we show you what a member who retired from teaching in 2004, could have achieved if they had transferred K135,000* to an RSA.

The member, as a result, has:

- received a fortnightly income of K770, or K20,000 per year from 2004-19
- received a total of K320,000 in payments
- earned an interest of K211,386
- paid only K2,367 tax
- Has a remaining balance of approximately K24,000 heading into 2020.

*Note K135,000 was the average balance of members aged over 55 years in 2019.

Year	Opening Balance	Crediting Rate	Payments Taken	Interest Earned	Tax Paid	Total Closing Balance
2004	135,000	15.50%	20,000	19,375	0	134,375
2005	134,375	20%	20,000	24,875	0	139,250
2006	139,250	16%	20,000	20,680	0	139,930
2007	139,930	32%	20,000	41,578	0	161,508
2008	161,508	11.50%	20,000	17,423	0	158,931
2009	158,931	10%	20,000	14,893	0	153,824
2010	153,824	10%	20,000	14,382	0	148,206
2011	148,206	2%	20,000	2,764	0	130,971
2012	130,971	11%	20,000	13,307	0	124,277
2013	124,277	11.25%	20,000	12,856	0	117,134
2014	117,134	7%	20,000	7,499	0	104,633
2015	104,633	5.8%	20,000	5,489	0	90,122
2016	90,122	9%	20,000	7,211	0	77,333
2017	77,333	8%	20,000	5,387	0	62,719
2018	62,719	3.7%	20,000	1,951	355	44,315
2019	44,315	7%	20,000	1,716	2,012	24,019
TOTAL			320,000	211,386	2,367	

This member has had a great result. They have received a fortnightly income, that has helped them live comfortably. They earned more in interest due to some big returns and because they invested a good size opening balance.



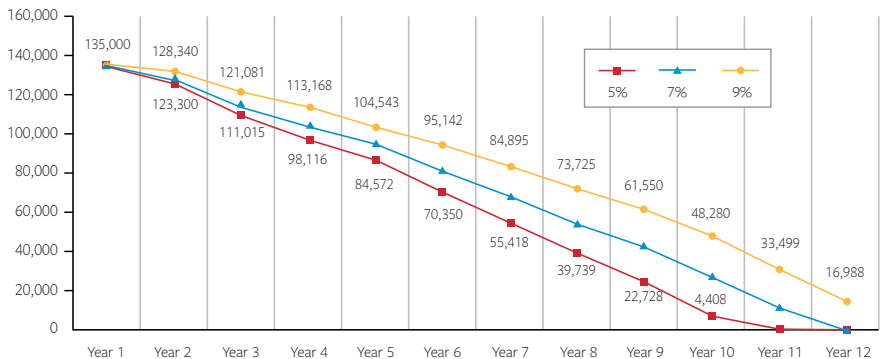
Case Study of how an RSA works – looking ahead

Looking ahead, Nambawan Super cannot be certain of the interest it will return each year. So we consider a range of projections based on the average return over the last 20 years. This comprises of 7% compared to a conservative 5% return and an optimistic 9% return.

In this example, a member who transferred K135,000 into an RSA today would be able to draw an annual income of K18,000.

- Using a 5% return, the member would receive an income for just **over 9 years**, totaling K162,069 in payments, before their funds ran out.
- Using a 7% return, the member would receive an income for just **over 10 years**, totaling K182,478 in payments, before their funds ran out.
- Using a 9% return, the member would receive an income for **almost 12 years**, totaling K212,447 in payments, before their funds ran out.

RSA balance projection for a teacher over 12 years



Assumptions

- A member transfers K135,000 to RSA
- Member receives a fortnightly income of K692, or K18,000 annually
- Model uses 5%, 7% and 9% as examples
- Actual result will vary based on the crediting rate announced annually



Tailored Retirement Awareness Sessions

Nambawan Super has a specialist Training team, dedicated to making members more aware of retirement solutions and equipping them with the knowledge they need to make more informed choices. If you require a tailored training session for your employees who are about to finish working in the next 5 to 10 years, you can get in touch directly with our Training team.

Contact the Nambawan Training Team

Free Call 180 1599

Open Monday to Friday 8:00am – 5:00pm

Email training@nambawansuper.com.pg

Ask for the Manager, Member Engagement and Awareness



Frequently Asked Questions

Who is Eligible to open a Retirement Savings Account?

To open a Retirement Savings Account (RSA), you must be eligible to withdraw your superannuation. This means you must have ceased employment after reaching the retirement age or after 25-years of service. Where a member who has not reached the retirement age ceases employment, and has not secured new employment, the member may be able to open an RSA account. That is, if the member can demonstrate to the satisfaction of the Trustee a period of 12-months continuous unemployment, at the end of that period.

This account is not only accessible for Nambawan Super members but is available to all exiting members of any Authorised Superannuation Fund. You can open a Nambawan Super RSA by requesting the Trustee of your Fund to transfer/credit all or part of your exit benefits to an RSA at Nambawan Super before you exit the other Authorised Superannuation Fund.

How much can you transfer to an RSA?

You can decide on how much you will invest through your new RSA account. However, the minimum amount is K10,000 and the maximum amount is K250,000.

Will the RSA earn interest?

Yes, the RSA will earn interest annually at the same rate as the Fund. For those who fully withdraw from their account, an interim interest rate will be credited on the balance.

Are there any limits on withdrawals?

Yes and no. You can of course withdraw all your funds at any time. However, you will pay tax on any amounts higher than the annual prescribed sum which is determined based on your balance at the start of each year.

ANNUAL BALANCE	WITHDRAWAL LIMIT (30% TAX DOES NOT APPLY)
Less than K10,000	50% in the first financial year, 100% thereafter
K10,000 to less than K20,000	50% in any year
K20,000 to less than K100,000	30% in any year
K100,000 and over	20% in any year

Example: If your balance is at less than K10,000 in total, we recommend withdrawing half (50%) of your balance in the first financial year, and the rest (100%) in the next or following years. For each of these withdrawals, you will not be charged a 30% Income Tax fee.

General Warning to Members: Any additional withdrawals above the annual prescribed sum will be taxed heavily (30% tax applies), as the income tax exemption no longer applies.



Can I decide on the amount of funds drawn?

Yes, regular income members have the option to increase or decrease the amount.

One of the challenges of retirement is making sure that you have some sort of income when you're not getting a wage any more.

The Retirement Savings Account (RSA) is a special account available to members when they are no longer working. It allows members to keep their savings in the superannuation environment, so they continue to earn the same returns as all members of Nambawan Super.

It has been designed to make it possible for members to draw down a portion of their savings each year, in either regular payments or as lump sums. When used wisely, the Retirement Savings Account is a very tax effective way to replace your income when you stop working.

The benefits of RSA

Less tax

Tax is normally charged when you withdraw your retirement savings. You will not have to pay this tax on benefits transferred to an RSA provided you meet the conditions of this account. In addition, you will not pay income tax earned from your savings, which means more money for your retirement years.

Flexible payments

You decide how you want your funds to be paid to you. You can choose to be paid fortnightly, bi-annually (every 6 months); or both.

Investment power

These funds form part of the investments by the largest and best-performing Superannuation Fund in PNG. Your funds will be invested in a safe and secure investment portfolio managed by Nambawan Super. The investments will earn interest that is credited annually to your account.

Support

Retirement Financial Counselling is available to members at any time to ensure the best choices are made and to help members live comfortably in retirement.

Important things to note:

1. Once you take your money out of superannuation, you are no longer eligible to open an RSA. You must decide whether to transfer your benefits to an RSA before you exit superannuation.
2. The RSA is open to all members of Authorised Superannuation Funds. You will need to advise your fund to transfer your benefits to the RSA before you exit.
3. You are eligible to make withdrawals from your RSA 6-months from when your account is established.

* Please note that there are conditions that apply on this product and you should fully understand the product before you make a commitment.




National Member Service Network



1. Alotau – Ground Floor, Chascorp Building	12. Kundiawa – Post PNG
2. Arawa – Post PNG	13. Lae* – Ground Floor, Nambawan Super Haus
3. Buka – Ground Floor, Go-Well Building	14. Madang – Post PNG
4. Daru – Tobest Security Services	15. Manus – Post PNG
5. Goroka – Lvl 1, Henganofi Development Corp Building	16. Mendi – Post PNG
6. Mt. Hagen* – Ground Floor, Gapina Building	17. Popondetta – Ground Floor, Opic Building
7. Kavieng – Durima Haus	18. Port Moresby* – Lvl 1, AOPI Center
8. Kerema – Post PNG	19. Vanimo – Post PNG
9. Kimbe – Lvl 1, KBSA Building	20. Wabag – Post PNG
10. Kiunga – Post Office	21. Wewak – Post PNG
11. Kokopo* – Lvl 1, Sing Wo & Sons Building	* Regional Office

For more information visit your nearest Member Service Centre, or:

 nambawansuper.com.pg

 **Free call 180 1599**

 **Download app**

Disclaimer: This information is for general purposes and should not be taken as professional advice. Members are encouraged to seek independent legal and financial advice regarding their unique circumstances. Nambawan Super is not liable for any loss caused - whether due to negligence or otherwise - arising from the use of, or reliance on the information provided.

