

# Voluntary Contributions



# Voluntary Contributions made today make for a happier retirement

In PNG, it is very important that working people plan and save towards a comfortable and financially secure retirement. Knowing you will be okay financially in retirement means you will be able to enjoy your time after work.

It is very likely you will want to use your superannuation savings to:

- Buy, build or renovate a comfortable home
- Buy a car or vehicle to move around when retired

And to be truly comfortable you will also need money so you can:

- Afford day-to-day expenses, like power and phone credits
- Pay for medical expenses
- Enjoy luxuries or travel



Scan to get more information on Nambawan Super website

Having a good superannuation balance means you will be able to withdraw the lump sums you need when you retire to set yourself up. But better still, if you save well you can still have enough to open a Retirement Savings Account, so your superannuation savings can provide a small, regular income for your needs.

## It's easy to start Voluntary Contributions

To set up voluntary contributions contact your payroll section. You will need to complete a payroll variation form with an appropriate deduction authority. Your payroll section then arranges the necessary deduction codes so the contribution rate you select is simply deducted from your pay and paid to Nambawan Super on your behalf.

### 3 easy steps to get your Happy Retirement started by boosting your Voluntary Contribution:

1. **Scan the QR code** on the right to Download a Pay Variation Advice form for Employee Voluntary Contribution Deduction from the Nambawan Super website.
2. Complete the form, nominating your additional Voluntary Contribution amount or percentage
3. Submit the form to your Payroll team for authorisation.



Topping up your mandatory super contributions makes good sense as an easy no-fuss way to boost your retirement savings and increase the amount of Housing Advance you may be eligible for. The more you put in now, the more you'll get out of it later. For more information visit [www.nambawansuper.com.pg](http://www.nambawansuper.com.pg)



# Voluntary Contributions can help you get into your first home sooner

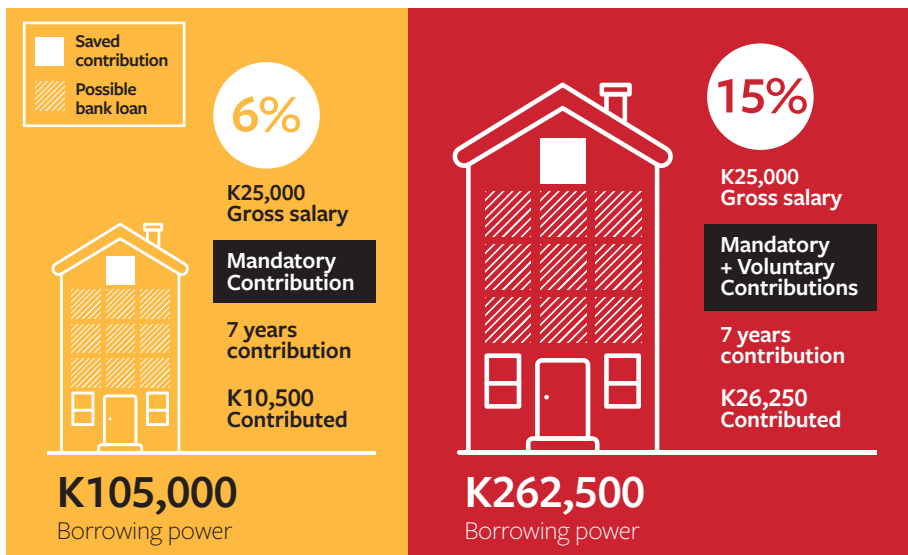
Another great advantage of increasing your Voluntary Contributions is the fact that you're effectively increasing 100% of your housing advance. This is because 100% of an employee's personal contributions are allowed to be used for housing purposes, through our Housing Advance Scheme. Therefore, the more voluntary contributions you make, the more you will have to withdraw if you are eligible for a Housing Advance.

## Boost your Housing Advance and borrowing power

A Member earning K25,000 annually, who contributes the mandatory 6% employee contribution will have K 10,500 available for a housing advance after 7 years. In comparison, if the member had increased their employee contribution through Voluntary Contribution to 15%, they would have K26,250 available (or K15,750 more) for a housing advance after 7 years.

Typically, banks can lend up to 9 times what you have saved as a deposit. The member with K10,500 (mandatory contribution of 6%) can therefore only borrow up to K94,500 and settle for a K105,000 home. However, with a Voluntary Contribution (increase from 6% to 15%), the member can now borrow twice as much, or up to K236,250 to buy a **dream home worth K262,500**.

Members should seek advice from the preferred bank based on their individual circumstances. Each bank will have varying maximum loan terms and repayment requirements based on your financial position.



# Boost your retirement with Voluntary Contributions

With over 200,000 Members, and more than K9 billion in funds under management, Nambawan Super is PNG's most trusted, longest serving super fund. We believe that everyone should have the opportunity to secure their financial future and retirement dreams. We know that the more you put in, the more secure your future will be.

In PNG, all people who receive employer superannuation also pay 6% of their base salary into superannuation. If you want to, and are able to, you are permitted to increase this employee contribution above that 6%. This is known as a voluntary contribution and is a powerful step towards making your retirement dreams become a reality.

The sooner you do it, the more time your savings have to work for you to generate more interest and therefore save more towards your happy retirement lifestyle.

## Case studies

We have prepared a few different case studies to show how voluntary contributions grow your super savings.

### A little more now, a lot more later

We've done the calculations and know even as little as K10 a week can really help boost your retirement savings. The key is consistent contributions over time. Then, you can sit back and let the Nambawan Super team grow your savings through the power of compounding interest.


Timeframe	Your Voluntary Contributions	Interest earned on Voluntary Contributions	Your Total Voluntary Contributions earnings
After 1 year	K520	K18	K538
After 10 years	K5,200	K2,236	K7,436
After 20 years	K10,400	K11,664	K22,064
After 30 years	K15,600	K35,239	K50,839

NB: Case study assumes an average crediting rate of 7% per year.



# 4 people, 4 different outcomes


Joe, Mary, Jerry and Jane all earn K25,000 per annum. Joe makes the normal contribution of 6% while Mary, Jerry, and Jane contribute more but at different levels. Assuming that Nambawan Super pays 7% interest each year let's see how they go after 20 years contributing.



**JOE**  
Normal member



**MARY**  
Voluntary Contribution  
3%



**JERRY**  
Voluntary Contribution  
6%



**JANE**  
Voluntary Contribution  
9%

## CONTRIBUTIONS

Employer: <b>K42,000</b>	Employer: <b>K42,000</b>	Employer: <b>K42,000</b>	Employer: <b>K42,000</b>
Employee: <b>K30,000</b>	Employee: <b>K30,000</b>	Employee: <b>K30,000</b>	Employee: <b>K30,000</b>
Voluntary: <b>NIL</b>	Voluntary: <b>K15,000</b>	Voluntary: <b>K30,000</b>	Voluntary: <b>K45,000</b>
Total Interest: <b>K75,584</b>	Total Interest: <b>K91,330</b>	Total Interest: <b>K107,077</b>	Total Interest: <b>K122,824</b>
<b>Total Balance K147,584</b>	<b>Total Balance K178,330</b>	<b>Total Balance K209,077</b>	<b>Total Balance K239,824</b>

**Joe** contributes the mandatory 6% which is about K57 a fortnight. After 20 years his balance would be **K147,584**.

**Mary** contributes the mandatory 6%, plus 3% voluntarily which is about K86 a fortnight, K29 more than the mandatory amount. After 20 years her balance would be **K178,330**. K15,000 is extra she saved, and **K15,746 is extra interest** earned on her savings.

**Jerry** contributes the mandatory 6%, plus 6% voluntarily which is about K115 a fortnight, K58 more than the mandatory amount. After 20 years his balance would be **K209,077**. K30,000 is extra he saved, and **K32,193 is extra interest** earned on his savings.

**Jane** contributes the mandatory 6%, plus 9% voluntarily which is about K144 a fortnight, K87 more than the mandatory amount. After 20 years her balance would be **K239,824**. K45,000 is extra she saved, and **K47,240 is extra interest** earned on her savings.



