

GIVE YOUR SUPER A HEAD START

Let's be honest, for many teenagers and young adults, starting a first job is an exciting milestone. But the focus is usually on the first pay packet, saving for a car, travel, study or eventually a home deposit. Superannuation probably sounds boring right now and often sits much further down the priority list.

It's totally understandable. You want to enjoy the money you're earning now, not thinking about how much you'll need in 40 or 50 years' time. Yet young workers have one advantage no older investor can buy: time. Understanding how your super works now could pay off later in life.

The power of compounding

One of the reasons super can be so effective over the long-term is the power of compounding. It creates a snowball effect. The returns you earn on your super, earn even more returns. Your super fund puts your money to work in assets like shares, property, and infrastructure, which continuously generate returns and interest. The earlier contributions are made, the more time they have to grow.[i]

For example, a Sydney Morning Herald article calculated that a 30-year-old earning $100,000 who contributes an extra $50 a week via salary sacrifice could boost their retirement balance by almost $120,000 by age 65.[ii]

You might think that you need large sums of money to boost your super. In reality, even small, regular contributions can have a meaningful impact over time.

If you're paying rent, studying or just trying to cover everyday costs, that's good news. You don't need to find hundreds of dollars a month to start making a difference.

Government co-contribution

One of the most overlooked super incentives is the federal government's super co-contribution scheme.

Eligible low and middle-income earners who make personal after-tax contributions to their super may receive a government contribution of up to $500. For the 2026-27 financial year, the maximum entitlement is available for eligible individuals with income up to $49,293, phasing out at higher income levels.[iii]

If you're working casually, part-time or while studying, this can be a simple way to give retirement savings an immediate boost.

Keep track of your super

A common issue some people face is having multiple super accounts after changing jobs. Multiple accounts can mean paying duplicate fees and, in some cases, insurance premiums that gradually reduce your balance.

While super stapling came into effect in 2021, it's important to keep track of your super when you change jobs to ensure you don't end up with multiple super accounts.

Balancing today's goals with tomorrow's

Most young workers are focused on the next few years rather than the next few decades. Your priorities are very different when you're starting out your career, and your choices can feel far more immediate than retirement planning.

Building super doesn't have to come at the expense of other financial goals. The aim isn't necessarily to contribute large amounts when you're just starting to earn some money. It's about understanding the opportunities available, knowing how your super works and creating good financial habits early.

A good time for a financial health check

Starting a first job is the perfect time to start developing healthy financial habits.

Simple steps include:

- checking that super contributions are being paid correctly
- making sure multiple super accounts are consolidated where appropriate
- understanding investment options in a super fund
- reviewing fees and insurance arrangements
- considering whether voluntary contributions are affordable

It might not feel so important now, but these small steps are often the foundation of good financial habits.[iv]

Looking after future you

Young Australians have legitimate competing priorities. Paying bills, managing study costs, catching up with friends and still having a social life can often feel more urgent than retirement planning.

But super is one of the few financial areas where starting small and starting early can create a significant long-term advantage. Spending a little time on your super now could make life a lot easier decades from now.

So why not give your future self a little head start. When it comes to your super, making small contributions early on could be worth more than you think.

i https://hostplus.com.au/members/learn-about-super/super-101/growing-your-super-with-compound-returns

ii https://www.smh.com.au/money/super-and-retirement/the-sooner-the-better-how-young-workers-can-add-six-figures-to-their-super-20260714-p60f3s.html

iii https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/how-to-save-more-in-your-super/government-super-contributions/super-co-contribution

iv https://www.professionalsuper.com.au/learning-hub/the-wealth-accelerating-benefits-of-super-for-young-professionals/