



Media release

24 August 2006

Plum announces an innovative retirement savings program

A ground breaking program to help superannuation members save more towards reaching a financially secure retirement was launched today by Plum Financial Services (Plum).

Mr Mike Fitzsimons, Plum's Managing Director said, 'The Escalator Program is based on simple and proven principles that make it easy for people to save by addressing the issues that usually prevent them from making financial decisions. The Escalator Program could revolutionise the way people save for retirement in Australia.'

The Escalator Program makes saving for retirement easy for those who typically shy away from financial decisions by automatically increasing their super contributions in small steps, to coincide with annual pay reviews, up to a maximum of 15 per cent including the superannuation guarantee.

Mr Fitzsimons added, 'The nine per cent superannuation guarantee is not going to be enough to help many people achieve a financially secure retirement – to achieve their retirement goals, these people quite simply need to save more.'

Plum designed the Escalator Program to be simple so participating members only have to choose the level of their annual contribution increase – one, two or three per cent – and whether these should come from pre or post tax income. The employer sets the date of the first contribution increase for the future, ideally at the employees' next pay review, after which the program runs automatically until the member opts-out of the program or leaves the fund.

The Program is based on behavioural finance theories pioneered in the USA by Professors Shlomo Benartzi from UCLA and Richard Thaler from the University of Chicago. Their ideas combine psychology and economics to address the reasons why some people avoid making important financial decisions. For example, many people prefer committing to take action in the future rather than straight away, and if given too many choices, many people are more likely to procrastinate.

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