

# Dollar cost averaging

## Want your money to work hard, but don't want to monitor the markets?

Dollar cost averaging is a simple savings strategy that uses the natural cycles of the market to help you grow long-term wealth in your super. Over time, it can also lower your risk of losses in declining markets.

## What is dollar cost averaging?

Dollar cost averaging is a savings strategy where you regularly save a fixed sum of money into your super, and stick with this approach through market ups and downs. You can maintain this easily, especially if you save the fixed sum automatically into your super each pay day through payroll deduction or direct debit.

## How can this benefit my super?

Every Vision Super investment option has its own unit price. Unit prices change each day in line with the markets. When the markets go up, unit prices will rise. When the markets go down, unit prices will drop. Each time you save money into super, that amount buys a number of investment units. When markets are up and unit prices rise, that amount buys fewer investment units. When markets are down and unit prices are cheaper, that amount will buy more investment units. When the markets eventually recover, you can expect your increased amount of units to rise in value.

Regularly saving a fixed sum into super makes your money work for you even in times of market uncertainty. Over the long-term, this strategy also lowers the average price you pay for your investment units.

## How does this work?

Louise puts \$50 a fortnight (that's \$1,300 a year) for five years into her super account. During that period the market falls by 80% before recovering to its original starting point.

	Investment	Average unit price	Units bought
Year 1	\$1,300	\$5	260
Year 2	\$1,300	\$2	650
Year 3	\$1,300	\$1	1,300
Year 4	\$1,300	\$3	433
Year 5	\$1,300	\$5	260

At the end of five years, Louise's position is:

- > Her total investment is \$6,500. She now owns 2,903 units worth \$5 each, with a total value of \$14,515.
- > The value of her super has more than doubled, even though the market has been in a slump.
- > The average cost of her 2,903 units was \$2.23 a unit ( $\$14,515 / \$6,500 = \$2.23$ ). However, the real average unit price over the same period was \$3.20.

## What do I do next?

Dollar cost averaging grows your super even during market downturns. Over time, its benefits can make a great difference to the quality of life you can afford when you retire.

## For more information please see fact sheets:

- > How to contribute to your super
- > How does unit pricing work?

## Need more help?



### We know your super inside out, so you don't have to worry!

If you would like further information about boosting your super, or any of our products and services, please call our Member Services team on **1300 300 820**. You can also refer to our website for forms and other fact sheets.

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