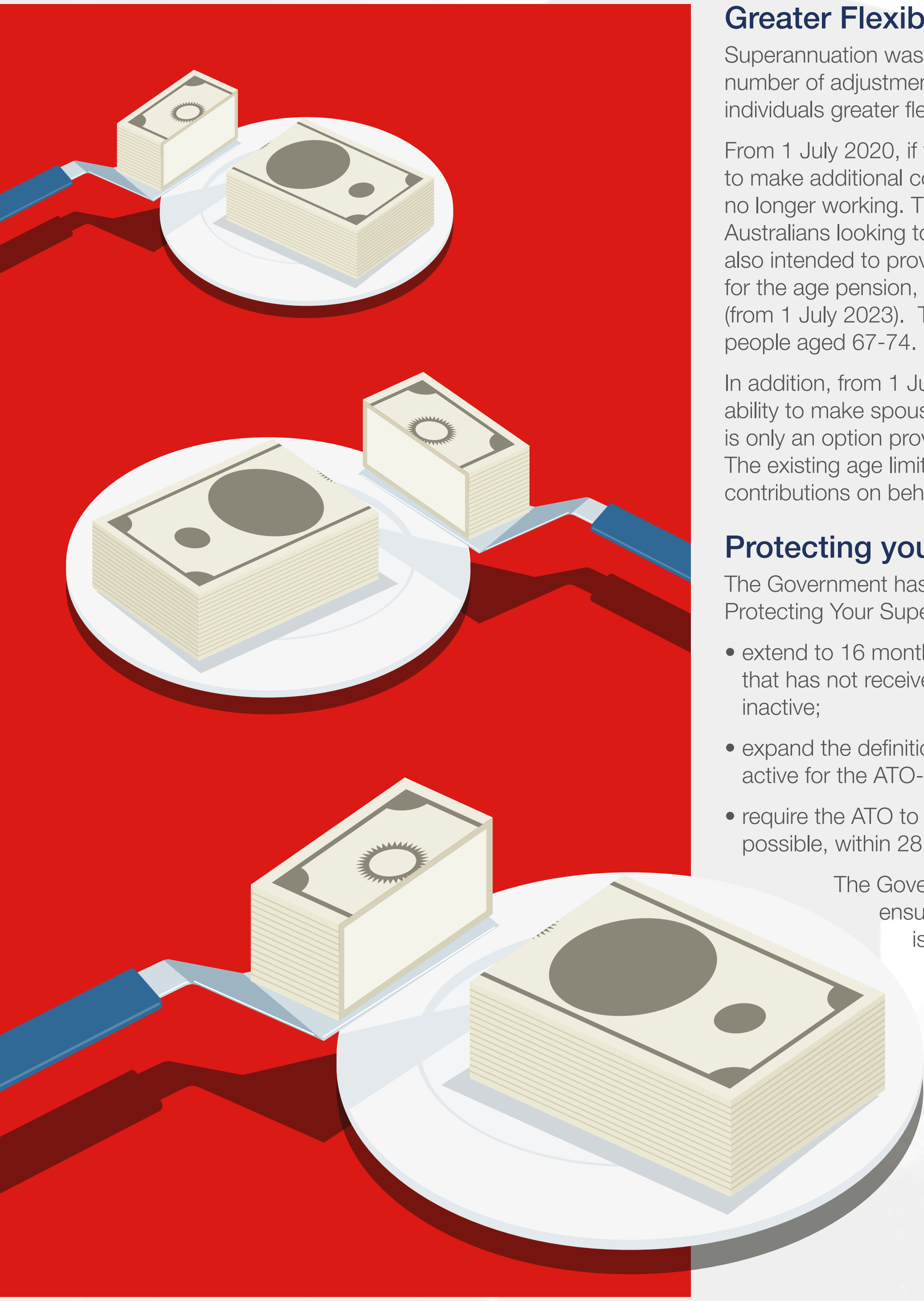
SUPER INFO
AUTUMN 2019

What's inside:



# Superannuation - 2019 Federal Budget



## Greater Flexibility for Older Australians

Superannuation was left largely untouched except for a number of adjustments to existing policies, including giving individuals greater flexibility to contribute to super.

From 1 July 2020, if you are aged 65 or 66, you will be able to make additional contributions to super even if you're no longer working. This is a welcome change for many Australians looking to boost their income in retirement. It is also intended to provide an alignment to the qualification age for the age pension, which is progressively rising to age 67 (from 1 July 2023). The work test will only be necessary for people aged 67-74.

In addition, from 1 July 2020 there will be an increased ability to make spouse contributions to super. Currently, this is only an option provided your spouse hasn't turned 70. The existing age limit will be increased to allow you to make contributions on behalf of your spouse, up to age 74.

## Protecting your Super

The Government has also agreed to amending the Protecting Your Super Package to:

- extend to 16 months the period after which an account that has not received any contribution is considered inactive;
- expand the definition of when an account is considered active for the ATO-led consolidation regime; and
- require the ATO to consolidate to an active account, where possible, within 28 days of receipt.

The Government will also delay the start date for ensuring insurance within superannuation is only offered on an opt-in basis for amounts with balance of less than $6,000 and new accounts belonging to members under the age of 25 years to 1 October 2019.

# What if I retire after age 60?

## If you retire from employment after age 60 your contributions to the Scheme cease at age 60 and your benefit is calculated as:

The greater of A, B or C as follows:

A. Your Benefit Multiple as at age 60, multiplied by your "Final Average Salary" at your actual date of retirement,

B. Your Benefit Multiple calculated to the date of your actual retirement after age 60 (with a maximum multiple of 8.0) multiplied by your "Final Average Salary" at age 60

C. The balance of your Late Retirement Account calculated as:

(i) your Benefit Multiple at age 60 multiplied by your "Final Average Salary" at age 60,

(ii) investment earnings on (i) above based on the unit price movement of the Conservative investment option which may be positive or negative, plus

(iii) the balance of your post age 60 Superannuation Guarantee account which is an employer contribution of 9.5% of Superannuation Salary less an allowance for 15% contribution tax and administration expenses plus investment earnings based on unit price movements of the Conservative investment option.

### *PLUS*

The balance of your Accumulation Benefit.

If the Conservative portfolio produces good returns you will have the full benefit applied to your 'C' benefit. If poor returns come about you have the protection of the Defined Benefits 'A' or 'B'.

## How will my over age 60 retirement benefit in the Scheme be invested?

- Effective from the date you ceased service your retirement benefit will be allocated with investment earnings as follows:
- Your defined benefit derived portion will be invested in the Cash investment option. You may subsequently choose an alternative investment option if you decide to keep your benefit in the Parked Benefits section.
- Your accumulation derived portion will continue to be allocated with investment earnings applicable to your chosen investment option, which may be positive or negative.

# Nominating your Beneficiaries

If you die while you are a member of the Scheme, the trustee has discretion to pay your super benefit to any one or more of your dependants or your estate in any proportion it determines.

Because of this the trustee needs to know who you would like to receive your super benefit if you die. The trustee of the Scheme is not legally bound by your wishes but will take them into account when exercising its discretion.

To let the trustee know your wishes, you need to complete a Nomination your Beneficiaries form.

## Who can you nominate?

You have the choice of nominating one or more of your dependants. For the purposes of the Scheme, a dependant is any of the following:

- your spouse (including de-facto and same-sex partners);
- your children (including step-children, adopted children, ex-nuptial children and your spouse's children);
- any other person who the trustee considers is wholly or partially dependent on you; and
- any person with whom you have an interdependency relationship.

You can also nominate your legal personal representative (your estate). If your legal personal representative receives your benefit, it will be distributed according to your will, or if you don't have a will, according to State law.

An interdependency relationship is one where two persons:

- have a close personal relationship; and
- they live together; and
- one or each of them provides the other with financial support; and
- one or each of them provides the other with domestic support and personal care.

An interdependency relationship will also exist where you have a close personal relationship with another person but due to either or both persons suffering from a physical, intellectual or psychiatric disability the other criteria of interdependency outlined above cannot be met.

If you don't have any dependants and no legal personal representative has been appointed within 12 months, and it is unlikely that one will be appointed, your benefit shall be forfeited to the Scheme.

## Changing your nomination

You can change your nomination at any time by completing a Nomination your Beneficiaries form.

The latest form will override any earlier form.

# Financial Advice

Require financial advice? Want to know whether you should make salary sacrifice contributions or not? How much extra do you put into super to “top-it-up”?

These are just some of the questions put to Scheme staff from members. Your employer, trustee and its staff are not permitted to provide members with financial advice as they are not appropriately licensed to provide that advice.

An initiative introduced by the trustee is to allow for 50% of the cost of any financial advice you receive to be paid for from your accumulation accounts held in the Scheme.

Please contact the Manager for any questions and the necessary form to allow payment.

231015 - SAMFS - Autumn Newsletter_FA