SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

SUPER INFO

Winter 2014

METROPOLITAN FIRE SERVICE SOUTH AUSTRALIA

***Welcome** to the Winter 2014 edition of Super Info*

What's inside:

The Scheme introduces e-statements

The Scheme is pleased to announce the introduction of e-statements

If you have provided your email address to the Scheme, your annual benefit statement will now be sent via email. Your statement will be password protected and you will need your date of birth to open it. Not only will this reduce the amount of paper you receive, it will benefit the environment.

If we don't hold an email address for you on record, we will mail your annual benefit statement to you.

Changing your statement delivery options

You have the option to select how you would like to receive your annual benefit statement. Just follow these simple online steps:

1. Log into your secure member online account at **www.samfs.superfacts.com**
2. Click on **'Personal details'** at the top navigation bar
3. Click on the **'Update your current details'** link on that page
4. Update your communication preferences
5. Click **'Next step'** and **'Confirm changes'**

Don't want to receive your statement via email?

If other people have access to your email address, you may wish to receive your statement by mail or change the email address that the Scheme holds for you. You can do this by following the online process outlined above.

Remember, you may have shared your work email inbox with a colleague, so please take the opportunity to review your arrangements to protect the security of your information.

Splitting of investment options now available for Accumulation accounts

We are pleased to announce that you are now able split the investment choice of your Accumulation account between any of the Scheme's seven investment options. Previously it was only possible to choose one investment option.

Key points for you to note are:

- You can now choose to allocate your *current account balance* as you wish between any of the seven investment options.
- You can now choose to allocate your *future contributions* as you wish between any of the seven investment options.
- You can choose to allocate your *future contributions* differently to your *current account balance*.

To make a change to your investment options for your Accumulation account, please log in to **www.samfs.superfacts.com** or call the Manager on **08 8204 3826** to obtain a *Changing your investment options* form.

Remember, you should seek advice from an appropriately qualified financial adviser before making changes to your investment choice.

Retained Fire-fighters – introduction of administration fees

Currently retained fire-fighters do not pay any administration fees – either direct (deducted directly from member account balances) or indirect (deducted from the Scheme's investments before the calculation of unit prices).

The Trustee has decided, effective 1 October 2014, to introduce a direct administration fee of $1.35 per week to help cover the Scheme's running costs such as administration fees tax, , consulting and legal advice. The direct administration fee will be deducted from your member account. There will continue to be no indirect administration fee charged.

Permanent fire-fighters will continue to pay no administration fees since all fees for defined benefit members are met from the Scheme's defined benefit assets.

Change in investments once a Total and Permanent Disablement benefit is approved

The Trustee recently considered the market risk to members from the date a total and permanent disablement (TPD) benefit is approved by the Trustee to the date the benefit is paid. Previously the defined benefit and insured components of a defined benefit member's TPD benefit was invested in the Growth option – which exposed members to market volatility that they previously did not experience, from the date of approval by the Trustee to the date of payment.

Effective from 6 June 2014, the Trustee determined via a change of the Scheme's rules that defined benefit and insured components of a defined benefit member's TPD benefit is to be switched to the **Cash investment option** upon a TPD benefit being approved by the Trustee to the date of payment.

Accumulation accounts will remain invested in the member's chosen investment option from the date of approval by the Trustee to the date of payment.

If you have any questions about the new arrangements please contact the Manager on **08 8204 3826**.

New contribution limits and rules for 2014/15

Increase in Superannuation Guarantee (SG) rate

From 1 July 2014 the SG rate increased to 9.5%. Employers are now required to pay compulsory employer superannuation contributions at this rate.

For defined benefit members of the Scheme, your employer now pays 13.5% (the SG rate plus 4%) to fund your defined benefits in the Scheme.

Concessional contribution cap increase

Contribution caps apply to all contributions made to your super within a financial year.

The caps apply to:

- Concessional Contributions; and
- Non- concessional Contributions.

Contributions in excess of these caps are subject to extra tax.

Concessional contributions (pre-tax contributions) include employer contributions; a salary sacrifice contributions and employer paid expenses.

The concessional contribution cap for the 2014/2015 financial year depends on your age at the end of the financial year. The caps are:

Age at 30 June 2014	Concessional Contribution cap
48 or less	$30,000
49 or more	$35,000

If you exceed the limit applicable to you in 2014/15, the excess contributions will be added to your assessable income for the year and taxed at your marginal rate. As well as having to pay additional tax on excess concessional contribution, the excess amount is also counted towards your non- concessional contributions.

Forgotten your PIN?
Call the Helpline on 1300 132 573 and one of our friendly consultants will assist you.

Non concessional contribution cap increase

The annual non concessional contribution cap has increased to $180,000 for the 2014/15 financial year and applies to individuals of all ages. If you are under 65, you can bring forward up to 3 years' worth of contributions to a total of $540,000. This increased limit is not available if you have already brought forward contributions in the previous 2 financial years.

Co-contribution scheme

Depending on assessable income (for income tax purposes), personal after-tax contributions into super may qualify you for a government co-contribution of up to $500. To be eligible for a government co-contribution in 2014/15:

- your assessable income for the year must be less than $49,488,
- you must be eligible to contribute to superannuation, and
- a personal after-tax contribution of up to $1,000 must be made during the financial year.

The amount of co-contribution depends on the amount contributed and your assessable income:

- To qualify for the maximum co-contribution amount of $500, assessable income plus reportable fringe benefits must be $34,488 per year or less
- At least 10% of that income must be earned through eligible employment, which may include self-employment.

Receiving the government co-contribution

The Australian Tax Office (ATO) will forward any co-contribution to which you are entitled to the Scheme to credit to your account. This will occur once the Scheme has reported contributions you have paid for the financial year and you have also submitted your annual income tax return to the ATO.

Salary Sacrifice & Government Super Co-contribution Calculator

Our online calculator has been updated to take into account the 2014/15 thresholds and rules. Please visit **www.samfs.superfacts.com** to access the calculator.

Financial Planning: Your Questions Answered

Article kindly provided by the Financial Planning Association

Financial planning is about developing strategies to help you manage your financial affairs and meet your life goals – and the first step is to make sure you have access to quality advice.

If you could achieve your financial goals by simply putting money away in the bank, you wouldn't need a financial plan. Unfortunately, life is a little more complex – it's hard to understand the intricacies of investment, taxation and ever-changing rules and regulations, so you need professional help.

Yet many of us resist seeking advice, as if our financial future weren't just as important as our health or our children's education. We often decide to manage our financial affairs ourselves, or leave it to someone we know, which is a bit like buying vegetables at the butcher's.

Many people make the mistake of thinking that financial advice is for high net worth people who have money to invest and multiple assets. However, financial advice can also help people plan for things as simple as a holiday to something as important as retirement.

A financial planner will help you reach your goals; even if retirement may seem a lifetime away, the sooner you start planning the more likely you'll be to achieve financial independence and peace of mind.

Read on to discover how to find a qualified financial planner, decide your financial goals and have a financial plan that will help you take control of your financial future.

Why should I use a financial planner?

Financial planning is a specialist profession and you should make sure that you're getting advice from a properly qualified person.

A qualified financial planner has the expertise and ethical standards to ensure your finances are in safe hands. These highly trained professionals are required to be aware of legislative changes and be financially informed to ensure the best advice is provided.

The financial planner should be open to questions about their previous experience, truthful about their level of qualification and the work they offer, and explain the charges and cost prior to any service.

A financial planner can help you achieve both short and long term life goals. These could include:

- An overseas holiday
- The cost of extracurricular activities for your children
- A holiday home
- A comfortable retirement

What should I look for in a financial planner?

Always look for a planner who works for a firm that holds an Australian Financial Services (AFS) License issued by the Australian Securities and Investments Commission (ASIC). You should ask for a copy of their Financial Services Guide.

Look for a planner who is a member of the Financial Planning Association (FPA). The FPA represents the interests of the public and Australia's professional community of financial planners. Members of the FPA must meet stricter criteria and higher standards than required by law.

The CERTIFIED FINANCIAL PLANNER® (CFP®) designation is the highest level of certification that a financial planner can achieve. CFP professionals demonstrate their commitment to excellence in financial planning by meeting initial and ongoing competency, ethics and practice standards and agreeing to abide by the standards laid out in the FPA's Code of Professional Practice. CFP professionals are also members of the FPA, and have achieved the highest certification available worldwide – CFP professionals represent the best of the best in financial planning. There are 5,500 CFP professionals in Australia.

Rapport and trust are essential as your financial planner is going to know more about you than your accountant or doctor, as he or she will have details of your finances, medical history and family situation. If you can't establish that rapport early on in your first meeting, keep looking.

Financial planning is a relationship business and not just a one-off meeting. Ask plenty of questions about their qualifications, professional memberships and experience. Remember that good advice is concise and easy to understand.

When will I need financial advice?

Most people seek advice from a financial planner when they hit major life milestones. This can include:

- Entering the workforce
- Being made redundant
- Buying your first home
- Deciding to start a family
- Inheriting money
- Approaching retirement

While it is important to have qualified financial advice to help you through these events, you don't need to wait in order to benefit from establishing a relationship with a professional planner as Mark Rantall, the CEO of the FPA explains:

"The younger you are when you realise the importance of needing to save and invest the better. It will mean that when it does come time to buy a house or retire you will be financially prepared and have an existing relationship with a financial planner to help navigate the complexities of investing, taxation and debt."

How do I identify my financial goals?

People often turn to a financial planner to help simplify their finances and set achievable financial goals, providing greater confidence to plan for their future. These goals can include:

- Paying off your student loan
- Paying off the mortgage
- Paying off any short term debt e.g. cash loans, credit cards
- Having enough money to retire at a certain age
- Contributing to your savings goal each week
- Saving for an investment
- Saving for a holiday

In order to achieve these financial goals, a financial planner will be able to help you with budgeting, cash flow management, a savings plan, superannuation, tax planning, home loan repayments, debt management and reduction, insurance, investments and retirement.

Your financial planner has a responsibility to provide the best possible financial advice for your situation. Ask him or her 'how will you help me to reach my goals?'

Your financial planner's responsibilities are to make clear recommendations, outline the risks involved and communicate any possible strengths or weaknesses in the plan. Remember that your financial planner cannot predict the market or ensure investments are always favorable.

Short term financial advice

Are you saving for a holiday or buying a new car? Short term advice can help you set achievable goals to be accomplished in a short timeframe of 6-12 months. The financial planner will look at your income and expenses and create a financial plan specifically for your lifestyle, so you'll be on that holiday in no time.

A financial planner can also help with many other short term financial goals that include selecting products (superannuation funds, term deposits), reducing debt, household budgeting and increasing your savings.

Medium term financial advice

Generally speaking, maintaining your financial goals is an ongoing process, especially as your income, expenses and tax situation change. You may have several goals and require a comprehensive financial plan to cover finances, such as home loans and investments. A financial planner will help set goals within a medium timeframe (1-4 years) and establish a financial plan with strategies for achieving those goals.

You should consider the level of risk you are willing to take in terms of investment to ensure a suitable investment strategy is implemented. Those seeking broader financial advice may have continuous meetings with their financial planner, at least once a year, to alter the financial plan in accordance with their situation.

Long term ongoing financial advice

Financial security and wellbeing is generally achieved over a long period and is ongoing. Long term financial planning is usually recommended for those with multiple assets and investments and to help people prepare for retirement. The financial planner provides regular reviews of the individual's finances and regularly evaluates their financial goals and strategies.

For those using a financial planner for long term advice, the financial planner will keep you updated with any changes that could influence your investments, such as market slumps. While short term timeframes in regards to growth investment are a high risk, investing over a longer period of time means you can wait out the lows of the market.

Top tip:

If you are concerned about having enough money for your retirement, tools such as the MoneySmart Retirement Calculator will help you work out if there is a shortfall in your plan. A financial planner can then help put a strategy in place to ensure you will reach your savings goals and be able to enjoy your retirement without being worried about your finances

Deciding your financial goals can be a difficult process and depending on your financial situation can sometimes be complex. In many circumstances a financial planner can be just what you need to meet your financial goals in a realistic timeframe.

Once your goals are decided, your financial planner will put a financial plan in place.

What does a financial plan include?

Every individual or household is unique and requires a unique financial plan.

A good financial planner will review your lifestyle and create a financial plan specifically suited to you. The financial plan will include financial strategies that will meet your goals. Once you're satisfied and agree to the suggestions of the financial planner the financial plan will be put into action.

Your financial planner's responsibilities are to make clear recommendations, outline the risks involved and communicate any possible strengths or weaknesses in the plan. Remember though that your financial planner cannot predict the market or ensure investments are always favorable.

Receiving your advice

Once you have agreed on your plan with your financial planner, a statement of advice will be provided to you. The document will state who is covered by the advice, for example yourself, partner or children and provide a summary of your financial situation.

Your financial planner will make financial advice recommendations including strategies to achieve your financial goals and objectives. This will include products and services to benefit your financial situation, with an explanation of why those were specifically chosen.

You should also receive a clear explanation of the fees and charges paid by you, including the financial planner fees, product fees, the cost of switching products and all future costs. Take the time to carefully look over your financial plan to make sure you understand the recommendations and make any alterations before agreeing to the plan.

Investments and risks involved

The level of investment risk will be stated in the financial plan and should reflect the risks you are comfortable with taking. Ask your financial planner 'What rate of return do I need to reach my goals?'

Borrowing to invest is popular for those looking to build their wealth in a shorter time frame. However, the risks involved should be explained clearly in the financial plan, such as possible loss of capital, the instability of interest rates, repayments of the loan or unexpected life changes, such as redundancy.

The financial plan should be reviewed regularly (at least once a year) and adjusted according to life changes. If you receive a pay rise at work you may consider contributing the surplus to any savings plan or if you lose your job you will need to consider the impact to your financial position including your financial plan. There could also be situations outside your control, such as a drop in the market value of your investment. You might consider continuing with the product for a longer period of time until the investment improves or discuss changing products with your planner.

A financial plan is a guide to your financial future and a step towards financial freedom and peace of mind.

Useful sources of information include:

- moneysmart.gov.au
- myagedcare.gov.au

How the financial planning process works:

1 **FIND A PLANNER**

When you decide that you would like to seek financial advice, the first step is to find a planner with the appropriate qualifications and that you feel comfortable with. The Find a Planner directory on the FPA website is a good place to start and will help you find a planner in your local area.

2 **DEFINING THE SCOPE OF ENGAGEMENT**

The planner should explain the process they will follow, find out your needs and make sure they can meet them. You can ask them about their background, how they work and how they charge.

3 **IDENTIFYING YOUR GOALS**

You work with the planner to identify your short and long term financial goals – this stage serves as a foundation for developing your plan.

4 **ASSESSING YOUR FINANCIAL SITUATION**

The planner will take a good look at your position – your assets, liabilities, insurance coverage and investment or tax strategies.

5 **PREPARING YOUR FINANCIAL PLAN**

The planner recommends suitable strategies, products and services, and answers any questions you have.

6 **IMPLEMENTING THE RECOMMENDATIONS**

Once you're ready to go ahead, your financial plan will be put into action; where appropriate, the planner may work with specialist professionals, such as an accountant or solicitor.

7 **REVIEWING THE PLAN**

Your circumstances, lifestyle and financial goals are likely to change over time, so it's important your financial plan is regularly reviewed, to make sure you keep on track.

Alan Kent
Manager

Important Check List Reminder

1 **Change of Address** Have you advised the Scheme of your change of address?

2 **Nomination of Beneficiary Form** Is your Nomination of Beneficiary form up to date?

3 **Leave Without Pay** Are you going on Leave without Pay? If so, all your insurance cover may cease.

4 **Long Term Sick leave** Members under age 60, is your sick leave due to run out?

5 **Maternity leave** Are you going on maternity leave and when will wages cease - as your insurances will be affected.

6 **Working less than 15 hours per week** For members working less than 15 hours per week, your insurance cover will be reduced to Death insurance only.

Death insurance will cease if you are working less than 10 hours per week.

Please advise the Scheme on any of the above and contact the Manager, Mr Alan Kent on **8204 3826 for any clarification you may require. Information is also available in the Member Benefit Guide on the website **www.samfs.superfacts.com.***

Note: *If you are on extended leave at any time, you can always access the Super Info on the website **www.samfs.superfacts.com.***

7 **Salary Sacrifice Forms** Please ensure you send in **original** signed Salary Sacrifice forms to this office. If you fax your copies in, we still need the originals to be signed off by the employer before forwarding to Shared Services.

Important Notice: *The information in this Newsletter is for educational purposes only and is not intended to be advice. It has been prepared without taking account of your personal objectives, financial situation or needs. Therefore, before acting upon any of the information in this Newsletter, you should consider its appropriateness having regard to your objectives, personal situation and needs. It is recommended that you seek professional financial advice from a licensed or appropriately authorised financial adviser before making any decisions in respect to your membership of the Scheme. Please note that there are no guarantees the investment performance of the Scheme's assets and the value of your investment in the Scheme may rise or fall from time to time. You should also note that past performance is not an indicator of future performance. For further information about the Scheme, you should read and consider the Scheme's Member Benefit Guide which you can obtain by calling the Manager on (08) 8204 3826.*