SA METROPOLITAN FIRE SERVICE
SUPERANNUATION SCHEME
Autumn 2011

SUPER INFO

This Newsletter is issued by SA Metropolitan Fire Service Superannuation Pty Ltd ACN 068 821 750, 99 Wakefield Street, Adelaide 5000.

Welcome to the Autumn 2011 edition of Super Info.

New-look Member Website

At the SA Metropolitan Fire Service Superannuation Scheme, we're keen to ensure you have fast and easy access to information about your super, presented in a way that is easy to understand. Which is why we're excited to announce that we have commissioned a major upgrade to the Scheme website.

It is expected the new website will be launched in July 2011. Full details will be provided in our next Super Info.

Sign-in today to manage your account online
In the meantime, why not check out the current website; sign-in to your member account and get up-to-date information about your benefits in the Scheme.
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You'll need your member number (find this on your last Benefit Statement) and your Personal Identification Number (PIN) to access your personal account online.

Forgotten your PIN?
If you've provided an email address to us previously, you can reset your PIN by following the prompts to 'Reset your PIN' from the website sign-in page.

Alternatively, call the Scheme Member Helpline on **1300 132 573** and one of Mercer's friendly consultants will assist you.

Keep your PIN secure
It is important that you help protect your personal information by not disclosing your PIN or Member Number to others. You should call the Fund Helpline immediately if you believe there has been any unauthorised usage of your PIN.

To help keep your PIN secure, follow these steps:

1. Never share your PIN with anyone.
2. Change your PIN regularly.
3. Do not select a PIN that will be easy for another person to guess (i.e. do not use your birth date or postcode or similar)
4. Do not write your PIN down anywhere, even if disguised, or carry it in your wallet or purse.

Changing your PIN
You can change your PIN online at anytime by signing in to your secure account and heading to the 'Change your PIN' section (under 'Personal details'). Alternatively, you may request a new PIN online, if we hold your email address, or by calling the Scheme Helpline.

We recommend that you change your PIN regularly.

Gap years – planning for retirement and the Government Age Pension

We all plan to retire one day and as future retirees one of the biggest challenges you will face is creating the most comfortable retirement that you can afford. Most of us will obtain our retirement income from a combination of private savings such as superannuation, together with Government income support such as the Age Pension. However, you may wish to retire before you reach the age at which you can receive an Age Pension, and recent legislative changes to Age Pension eligibility means that careful planning for retirement is now more necessary than ever.

What is the Government Age Pension?
The Age Pension is a Government income support payment that helps provide some income to people who have reached their Age Pension age if they do not have adequate levels of income or assets they can use to support themselves.

To qualify for the Age Pension, you must first satisfy age and residence requirements set by the Government. Current requirements allow men from age 65 and women aged between 60 and 65 (depending on when they were born) to apply for the Age Pension. Generally, the amount of Age Pension you receive is dependent on whether or not you are single or part of a couple and it is also means-tested that is, the amount you receive is based on your income and assets.

To find out more about Age Pension eligibility, visit the Centrelink website.

Changes in rules for the age pension
From 1 July 2017, the qualifying age for Age Pension will increase from 65 to 65.5 years. The qualifying age will then rise by six months every two years, reaching 67 by 1 July 2023. This will apply in the same way to both men and women.

This change will affect you if you were born after 30 June 1952. If you plan on retiring before you become eligible for the Age Pension there will be a gap between the time of your retirement and when you receive an Age Pension. Because you will have to wait longer for your Age Pension, your own personal retirement savings are now more important than ever.

So will you have saved enough when you retire?
This all depends on your own personal circumstances and what you expect to get out of your retirement. For example, do you plan to travel or are you happy pottering around the garden? Are you going to want to replace an existing car, do maintenance around the house, spend money on leisure activities?

It is also important to understand that a full Age Pension will most likely only provide a very basic standard of retirement living which may not be enough to provide the kind of lifestyle to which you may

If you want a higher standard of living then you should consider building up your own personal savings.

Super's a great place to start saving because for many of us, it will be a large part of our retirement savings already. For example, you could consider topping up your super with before-tax or after-tax contributions (or both). The key is to work out the best way to get the most from your contributions in a way that suits your lifestyle now and the one you want in retirement.

Anti-Detriment Provisions

The Trustee of the Scheme recently resolved to introduce an "anti-detriment" payment policy. This means that, in addition to any benefit paid from the Scheme upon your death, an additional amount know as an "anti-detriment" payment, may be paid. This payment can only be made where your death benefit is paid to your spouse, former spouse or child (including an adult child). This will include a death benefit paid to your estate, but only if sufficient proof is provided to the Trustee that the proceeds of the estate will be distributed to your spouse, former spouse or child.

What is an anti-detriment payment?

In 1988 the Federal Government introduced the 15% superannuation contributions tax.

At the same time as the 15% contributions tax was introduced, the tax on lump sum super benefits was reduced by a corresponding 15%. Thus the Government argued that the contributions tax was a "bring forward" of lump sum payment taxes rather than a new tax.

This argument failed, however, when applied to lump sum death benefits paid to dependants, as these benefits were always paid out tax free. Therefore, the introduction of the 15% contributions tax would theoretically have been detrimental to dependants without the introduction of adequate compensation - hence the anti detriment provisions were introduced to address this issue. The anti-detriment provisions in the tax legislation operate by providing the Scheme with a tax deduction in connection with the anti-detriment payment.

How does this affect the Scheme?

It is not mandatory for a super fund to make anti-detriment payments and many funds, including the Scheme, have not made these payments in the past. However, the Trustee recently reviewed its position in this regard and resolved to amend the Scheme's Trust Deed to allow anti-detriment payments to be made. The availability of such payments is subject to the Trustee being satisfied that a tax deduction can be claimed by the Scheme in respect the anti-detriment payment and any other criteria the Trustee may determine from time to time.

How is the anti-detriment payment calculated?

The anti-detriment amount payable is limited by reference to the amount the Scheme is entitled to claim as a tax deduction. The Trustee proposes to apply an Australian Tax Office formula to calculate anti-detriment payments in relevant cases. The Trustee has received advice from an actuary that this formula is appropriate for the Scheme and that it can be used for both the accumulation and defined benefit components of a death benefit.

Need more information?

Please contact the Scheme Manager for more information in respect of anti-detriment payments.

Global events wipe out 2011 super returns

Recent global events, including Japan's largest-ever earthquake, are expected to impact on superannuation fund returns, according to SuperRatings.

"We estimate that the median balanced fund in March is down by as much as 2 per cent, which has effectively erased the gains made this calendar year of approximately 1 per cent in both January and February," SuperRatings managing director Jeff Bresnahan said.

Bresnahan said the key to balanced option falls in March was the decline in Australian and international share markets.

"Australian shares in particular will have a large impact, having fallen just over 4 per cent so far this month and down over 7 per cent at one stage," he said.

"Given the current volatility of the Australian dollar, which has seen it trade as high as US$1.056 and as low as US$0.9794 so far this month, how big an impact international shares' performance will have this month will depend on funds' hedging policies.

"An unhedged international shares option will have performed best, losing only about 1 per cent so far this month, benefiting from the Australian dollar's fall. A fully hedged international shares option will, however, have lost close to 5 per cent."

He also said world events, such as Japan's current woes, had put the spotlight on the growth-orientated nature of balanced investment options within Australians' superannuation funds.

"They do on average hold around 70 per cent in volatile growth-style investments, which are going to bounce around, particularly when markets around the world react to different events," he said.

"However, as history has shown us, these types of investments are also the most appropriate for the long term, consistently outperforming more conservative assets like fixed interest and cash.

"So, for the average Australian, growth-style investment options such as balanced and growth options should provide the best long-term results, provided one has the time and discipline to see the strategy through."

The Scheme posts monthly Investment Performance Updates on the website so you can remain fully informed.

About financial planning

What is financial planning?
Some people think that financial planning only involves the financial planner giving advice on investments. That is not true. Financial planning is also the process of the financial planner developing short and long-term financial strategies, after taking into account your personal circumstances and financial goals. These strategies are detailed in a Statement of Advice (SOA).

The financial planning process may also involve the financial planner assisting you with other issues such as estate planning and beneficiary nominations with respect to the distribution of your super benefit in the event of your death.

Your financial plan may be reviewed and revised at regular intervals, or when personal circumstances change. This may include redundancy, inheritance, divorce etc.

The advice of a financial planner can be critical in helping you achieve your financial goals by developing a plan that will work for you.

Professional licensed or authorised financial planners
You should deal only with financial planners who hold an Australian financial services licence (AFSL), granted by the Australian Securities and Investments Commission (ASIC) or are employed by, or authorised to represent, a business that is licensed by ASIC (i.e. authorised representatives)..
To check that the business or person is licensed: visit ASIC's website at www.asic.gov.au/licensees; or phone ASIC's Infoline on 1300 300 630.

A Financial Service Guide (FSG) must be given to you by the financial planner before any advice is given. The FSG will include, amongst other things, what the financial planner is authorised to give personal advice on, how the financial planner (and any other relevant parties) are remunerated (i.e. their fees and commissions) and details of any potential conflicts of interest.

Fees and charges
You will often pay a one-off fee for the financial planning advice you receive from the financial planner. In addition, financial planners can get paid commissions and bonuses on financial products you buy.
The FSG will detail what fees and charges will be involved with the advice given.

Benefits of SAMFS Superannuation Scheme's affiliated financial planners
Financial planners who provide services to Scheme members are located in Adelaide. They are salaried employees of Industry Fund Financial Planning (IFFP) and provide advice to members.

The first visit to the financial planner is free to members. During this meeting, your planner will find out what your financial objectives are, and what type of advice you may require. All advice is provided on a fee for service basis, which is agreed to in advance before any personal advice is given. This is a fixed price agreed up-front, so you know how much the advice will cost, and there are no hidden fees. It is important to note that as the financial planners are paid by salary and do not receive any commission for their advice. Please contact IFFP on 8125 2500 for further information. Of course you may wish to seek advice from other appropriately licensed planners.

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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 for an extended period?

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?

6. **Working less than 20 hours per week.**
   For members working less than 20 hours per week, your insurance cover may be reduced.

   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

6. **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.

Alan Kent
Manager

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 of 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*