



# SUPER INFO

## SPRING 2021

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## Significant Event Notice

### Investment Changes

The following pages outline important changes which may affect your Accumulation Account or Parked Account.

Our investment manager Funds SA, regularly review the investment strategies and options available to you. This is done to ensure they reflect important shifts in investment markets and the superannuation sector. This significant event notice summarises key changes impacting your Accumulation and Parked Accounts.

This significant event notice summarises key changes that impact the Scheme. It describes what the changes are and when they come into effect.

### Change to Investment Objective

The investment objectives state the aims of each investment option.

The objectives are developed having regard to long term performance and characteristics of financial markets. The fall in cash rates and bond yields to near zero levels make the target rate of return for the lower risk options (Capital Defensive, Conservative and Moderate) that hold larger percentages of these assets, very difficult to achieve.

Reflecting these important shifts in markets, Funds SA has recently reviewed the target rate of return for each investment option and the following changes are being made. A further impact of this update also involves a change to the Capital Defensive option 'risk classification' and 'risk of negative return' measure.

Investment Option	Current Target rate of return	From 1 January 2022 Target rate of return
Capital Defensive	CPI + 1.0% over a 2+ year investment horizon	CPI + 0.5% over a 2+ year investment horizon
	Current Risk classification	From 1 January 2022 Risk classification
	Low: It is likely that a negative return might be expected to occur between 0.5 and 1 year in 20.	Medium: It is likely that a negative return might be expected to occur between 2 and 3 years in 20.
Investment Option	Current Target rate of return	From 1 January 2022 Target rate of return
Conservative	CPI + 2.0% over a 4+ year investment horizon	CPI + 1.5% over a 4+ year investment horizon
Moderate	CPI + 3.0% over a 6+ year investment horizon	CPI + 2.5% over a 6+ year investment horizon

## Frequently Asked Questions

### Which products do these investment objective changes apply to?

These investment changes apply to Accumulation and Parked Accounts.

### Why are the investment objectives changing for Capital Defensive, Conservative and Moderate options?

Investment objectives are developed having regard to long term performance and characteristics of financial markets.

Due to the unprecedented easing of monetary policy by the Reserve Bank of Australia and global central banks, the yields for cash and short-term fixed interest securities (defensive assets) have fallen to close to zero per cent.

The low yields on these defensive assets decreases their expected return. The Capital Defensive, Conservative and Moderate investment options have a higher allocation to defensive assets. This record low interest rate environment may persist for a number of years and make the target return for the more defensive options (Capital Defensive, Conservative, and Moderate) increasingly difficult to achieve. As a result, our investment manager Funds SA determined it would be appropriate to lower the target rate of return objectives.

### Do the changes to Capital Defensive mean it's more risky?

A Standard Risk Measure is based on industry guidance, which allows members to compare investment options that are expected to deliver a similar number of negative annual returns over any twenty-year period.

The Capital Defensive investment option now has a slightly higher chance of a negative return in any given year. It is now likely that a negative return might be expected to occur between 2 and 3 years in 20.

This results in an increase from a low-risk measure to a medium-risk measure.

### Will my investment returns change?

There is a reasonable probability that the target returns for each investment option will be achieved over its stated time horizon based on the investment strategies employed.

However, it is important to remember that superannuation is a long-term investment. Investment returns vary from year to year, and past performance is not an indication of future performance.

### Why aren't the investment objectives changing for other investment options?

The fall in cash rates and bond yields to near zero has impacted the target return for our lower risk options (Capital Defensive, Conservative and Moderate only) that hold larger percentages of these assets, but not the objectives for our Balanced or High Growth options (that hold lower percentages of these assets), which hold a greater proportion of their investments in growth assets (such as Australian and international equities and property).

The Cash investment option has a target of providing investors with returns in line with the official Reserve Bank of Australia (RBA) cash rate which reflects the lower cash rates of return.

# Optional Salary Sacrifice of “Compulsory” Contributions

(Not applicable to Retained Firefighters)

**The purpose of this article is to again provide you with information for the salary sacrifice of compulsory superannuation contributions to the SA Metropolitan Fire Service Superannuation Scheme Defined Benefit.**

Compulsory member contributions (5.5% to 6.0% of annual salary depending upon age at joining the Scheme) can be salary sacrificed. Additional voluntary contributions to your Accumulation Account are also able to be salary sacrificed via a separate form.

## What is Salary Sacrifice of Superannuation Contributions?

You forfeit receiving part of your salary/wages and direct the amount to superannuation as compulsory contributions to the Scheme.

## Can I salary sacrifice all of my contributions to the Scheme or only additional voluntary member contributions?

You can salary sacrifice your compulsory contributions which go towards building up your defined benefit entitlements. You can also salary sacrifice additional voluntary contributions that are credited into your Accumulation (Voluntary) account.

## How are Salary Sacrifice Contributions treated?

The Scheme must treat salary sacrifice contributions as employer contributions for tax purposes, and will credit them to your *Contribution Account*.

## Do Salary Sacrifice Contributions attract Tax?

Yes, as salary sacrifice contributions are treated as employer contributions, the Scheme is required to deduct 15% tax (contribution tax) from the contributions.

That means that you must contribute a greater amount to allow for the 15% contribution tax being deducted. The following table shows the gross amount of annual salary you have to now salary sacrifice.

Age Joined Scheme	DB rate – after tax	DB rate – before tax
20	5.5%	6.47%
21	5.6%	6.59%
22	5.7%	6.71%
23	5.8%	6.82%
24	5.9%	6.94%
25	6.0%	7.06%

However, your employer does not deduct any PAYG tax from the salary sacrifice contributions you make with pre-tax dollars.

For many, this is considered the key advantage of salary sacrificing contributions.

## Are there any tax issues with Salary Sacrifice Contributions when I retire?

Contributions are included in the taxable components of your benefit when it is paid from the Scheme.

Depending upon your age at retirement, the type of benefit you receive and your period of Scheme membership, you may or may not be subject to the lump sum tax on your benefit. As a result, the benefit associated with the salary sacrifice contributions may be taxed at a rate between 0% and 20% (excluding the medicare levy) before age 60.

After tax member contributions are not taxed at the time of payment from the Scheme although interest allocated may be subject to tax.

## Are Salary Sacrifice Contributions Preserved?

Yes. All salary sacrifice contributions and interest earned on these contributions are preserved. This means that you will only be able to have the corresponding benefit paid out of superannuation if you are over your preservation age and are permanently retired from the workforce. If you are not permanently retired you can rollover to other superannuation arrangements or retain your benefit in the Scheme.

## If I am already making additional voluntary salary sacrifice contributions from my salary, can I also salary sacrifice my compulsory contributions?

Yes. A separate form is required and compulsory contributions are quite separate from voluntary salary sacrifice contributions.

## Can I have my Salary Sacrifice Contributions paid out of the Scheme if I change my mind?

No. If you are working you cannot receive any payment from the Scheme. If you have ceased employment, then normal benefit payment and preservation conditions apply.

### The arrangements are as follows:

- Salary sacrifice of compulsory superannuation contributions to the Scheme can be made directly with your employer.
- Members/employees make an agreement to salary sacrifice compulsory superannuation contributions direct with their employer.
- The cost for members to do this is \$44.00 (including GST) payable to Shared Services (by payroll deduction) to cover administration for setting up an agreement or any change to an existing agreement.
- There is no ongoing weekly administration fee.
- Once the arrangement is in place, the Payroll area at Shared Services will send the salary sacrifice contributions direct to the Scheme.

## How do I start a new arrangement to make salary sacrifice of compulsory superannuation contributions?

You will need to complete 2 forms obtainable from the Scheme.

### 1. Government Form

Form 7 – Salary Sacrifice of Superannuation Agreement (South Australian Government Schemes Excluding Triple S).

### 2. SAMFS Super Scheme Form

Notification of Salary Sacrifice Arrangement form.

## Where do I send my completed forms?

Send both to the Scheme at the email address below.

alan.kent@sa.gov.au

On receipt of your forms the Scheme will take note of the pending arrangement and will forward the Form 7 - Salary Sacrifice of Superannuation Agreement to the payroll area at Shared Services for processing.

## Scheme Contact

**Alan Kent – Manager SAMFS Super Scheme**

**Ph:** 8204 3826

**E-mail:** alan.kent@sa.gov.au

## Important Things To Note

1. *The Scheme is not party to these arrangements other than it being the Scheme into which the salary sacrifice of compulsory contributions is made for eligible employees of the SAMFS, SAFECOM, SES, CFS & DTF who are also Scheme members.*
2. *The Trustee is not providing advice as to any benefits (or otherwise) of salary sacrifice arrangements or whether existing arrangements with Maxxia Pty Ltd should be cancelled (or otherwise).*
3. *The Trustee strongly recommends that professional financial advice be sought prior to making any decision to commence or change a salary sacrifice arrangement*
4. *The Trustee does not accept any responsibility for any actions taken by individuals based on this information provided.*

Issued by SA Metropolitan Fire Service Superannuation Pty Ltd (ACN 068 821 750) as trustee for the SA Metropolitan Fire Service Superannuation Scheme

# Introduction of Member BPAY®

Members are now able to make contributions to their super via BPAY®.

The SA Metropolitan Fire Service Superannuation Scheme Biller Code is **349332** and your Unique BPAY® Reference can be found under personal details section of [member online](#).

## Setting up a BPAY® payment

You can set up one-off or regular payments via BPAY® from your bank account. You can find your BPAY® details in your member online account. Once you have your details, all you have to do is log into your banking app, or online account, and make your payment using your BPAY® details.

You can use this BPAY facility for:

- Voluntary Lump Sum contributions (you also need to lodge a lump sum contribution form); and
- Payment of the Family Law Form 6 processing fee.

## How to find your BPAY® details

Once you have logged in to member online you can easily navigate to your BPAY® details by following these steps:

1. On the top right hand side of the menu select the Person icon that will bring a drop down box
2. Select the Personal Details section
3. Scroll to the section **BPAY® information**

You can then use these details to schedule a one off or regular BPAY® payment through your online bank account. Your reference number is unique to you. Your bank will be able to advise you on any limits to the amount of money can transfer via BPAY®.

# Growth investment option is now closed to members

**As previously advised, we have updated the fund's Investment Strategy and the Growth Investment option is now closed to members. This change impacts members of Accumulation and Parked accounts.**

As of 2 June 2021, the Growth option has merged into the High Growth investment option and the Growth investment option is no longer available. In addition, any portion of future contributions being allocated to the Growth option are now redirected to the High Growth option. The operational requirements to transition from Growth to High Growth were completed in October 2021.

Accumulation and Parked members who are invested in the Growth option or have future contributions directed to the Growth option have now switched to the High Growth option.

The High Growth investment option aims to have 85% exposure to growth assets, with a growth asset range between 70% and 100%. You can find more information about the High Growth investment option by clicking on Investment updates under the **Documents and Forms** section of our website or in the **Member Benefit Guide**.

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