SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

SUPER INFO

Autumn 2013

METROPOLITAN FIRE SERVICE SOUTH AUSTRALIA

Welcome to the Autumn-2013 edition of Super Info

What's inside:

Additional Voluntary Insurance Cover

We are pleased to advise that Permanent fire-fighters and Retained fire-fighters are now able to apply for additional voluntary death and total and permanent disablement (TPD) insurance cover in the Scheme. Details are as follows:

Key changes:

- You can apply for either death only cover or for death and TPD cover, in multiples of $1,000.
- For Permanent fire-fighters additional voluntary insurance cover is provided up to age 60.
- For Retained fire-fighters, additional voluntary insurance cover is provided up to age 65.
- The TPD insurance cover reduces uniformly to nil in the last five years before your normal retirement date (for Permanent fire-fighters, this reduces between ages 55 and 60; for Retained fire-fighters, this reduces between ages 60 and 65).
- The cost of the additional voluntary insurance cover is shown in the table on the next page.
- The premiums for the additional voluntary insurance cover are deducted from your Additional Voluntary Super Account. You must have sufficient balance in your Additional Voluntary Super Account to cover the premiums. If the balance at any time is insufficient to cover insurance premiums then the cover may be cancelled.
- Provision of the additional voluntary insurance cover is subject to your providing satisfactory evidence of good health to the Scheme's insurer.

How to apply for additional voluntary insurance cover

To apply for additional voluntary insurance cover, please complete the *Additional voluntary Insurance cover* form which you can obtain from www.samfs.superfacts.com or by contacting the Manager on 8204 3826.

Additional Voluntary Insurance annual premium rates per $1,000 of cover		
Age next birthday	Death Only rates	Death and TPD rates
16	0.46	0.67
17	0.46	0.67
18	0.46	0.67
19	0.46	0.67
20	0.46	0.67
21	0.46	0.67
22	0.44	0.66
23	0.42	0.65
24	0.40	0.64
25	0.37	0.61
26	0.35	0.61
27	0.34	0.61
28	0.33	0.61
29	0.33	0.63
30	0.33	0.64
31	0.32	0.65
32	0.33	0.67
33	0.34	0.72
34	0.35	0.75
35	0.36	0.78
36	0.37	0.83
37	0.39	0.89
38	0.42	0.96
39	0.46	1.07
40	0.49	1.16
41	0.53	1.30
42	0.58	1.45
43	0.63	1.64
44	0.69	1.87
45	0.75	2.13
46	0.82	2.41
47	0.90	2.72
48	0.99	3.10
49	1.08	3.52
50	1.18	4.00
51	1.27	4.48
52	1.38	5.07
53	1.49	5.70
54	1.62	6.43
55	1.76	7.13
56	1.91	7.89
57	2.09	8.82
58	2.29	9.86
59	2.51	11.08
60	2.75	12.44
61	2.99	13.80
62	3.23	15.28
63	3.50	16.88
64	3.76	18.62
65	4.04	20.51

Example

Jack is 34 years old (35 next birthday) and applies and is approved for $100,000 of additional voluntary death and TPD insurance cover. The annual cost is calculated as:

$100,000 *times* $0.78 *divided by* $1,000 = $78

So Jack's additional voluntary death and TPD insurance cover will cost him just $1.50 per week. When Jack turns 35 he will move to the next age premium rate, and the same cover would cost him $83 per year, or $1.60 per week.

Increasing your insurance cover when certain life events occur

This is a great new benefit in the Scheme. You can apply for Additional Voluntary Insurance cover (see above) without the need to provide further medical evidence, when the following 'life events' occur:

- You or your partner gives birth or adopts a child;
- You get married;
- You get divorced; or
- You have a new mortgage or increase your mortgage on your permanent residence. The mortgage increase must be at least $100,000.

You can apply to increase your cover once in any 12 month period as a result of a life event and you can only increase your cover once for each life event.

We must receive your application for increased cover as a result of a life event within 90 days of the life event occurring and you must be less than age 55 at the time of applying. If your application is accepted, your death only cover or death and TPD cover will be increased by your nominated amount from the date of acceptance, provided it is less than the following maximum amount:

- 25% of your basic insurance cover; or
- $200,000; or
- The increase in mortgage (if existing), or the amount of the mortgage (if new); or
- Your total insured TPD benefit is less than the maximum benefit available under the insurance policy.

How to apply for increased cover on a life event

For further details and to apply for additional voluntary insurance cover following a life event, please complete the *Application for a life event insurance increase* form which you can obtain from www.samfs.superfacts.com or by contacting the Manager on 8204 3826.

Changes to investments of Defined Benefit accounts for members over age 60

Following advice from the actuary, the Trustee Directors have determined that the investments supporting the defined benefits for members over the age of 60 are to be invested in Funds SA's Conservative B portfolio effective 1 July 2013. Currently all assets are invested in Funds SA's Growth B portfolio.

This was a very carefully considered decision, having regard for the Scheme's long term investment objectives together with the changing demographics of the membership. We anticipate the number of members over the age of 60 will significantly increase in the next few years. Left unchecked, continuing to invest in higher growth assets would result in a mismatch between the investments and the risk/return needs of the Scheme.

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

How will this change affect you?

The defined benefit calculation for members over age 60 is calculated as the greater of three possible options:

1. Your Benefit Multiple as at age 60, multiplied by your "Final Average Salary" at your actual date of retirement.
   This calculation will not be changed.

   OR

2. 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;
   This calculation will not be changed.

   OR

3. The balance of your Late Retirement Account calculated as:
   a. your Benefit Multiple at age 60 multiplied by your "Final Average Salary" at age 60,

      plus

   b. investment earnings on (a) above based on the unit price movement of the Growth investment option, which may be positive or negative,
      From 1 July 2013 the investment earnings on (a) above will be based on the unit price movement of the Conservative portion, which may be positive or negative.

      plus

   c. the balance of your post age 60 Superannuation Guarantee account which is an employer contribution of 9% of Superannuation Salary less an allowance for 15% contribution tax and administration expenses plus investment earnings based on unit price movements of the Growth investment option.
      From 1 July 2013 the investment earnings on your post age 60 Superannuation Guarantee account will be based on the unit price movement of the Conservative portion, which may be positive or negative.

Your accumulation balances are then added on to the defined benefit calculated above. The investment option for your accumulation balances will not change.

If you have any questions in relation to this change, please contact the Manager on 8204 3826.

2013 Federal budget

Prepared by Mercer

The 2013 Federal Budget held no surprises for superannuation members, though it did confirm a series of changes announced in April in the lead-up to last night's Budget release.

These announcements include:

- Changes to the tax-free investment earnings of superannuation income streams where the earnings exceed $100,000 a year
- Changes to the way the superannuation income streams are assessed by Centrelink
- An increase to the concessional contributions cap for those aged over 60 from 1 July 2013, to be extended to those over 50 from 1 July 2014
- Changes to the way excess contributions are treated
- Concessional tax treatment extended to deferred lifetime annuities
- The Government also confirmed that it would proceed with plans to double the concessional contributions tax for high income earners

These are simply proposals at this stage and have not come into law so there is no immediate impact on your superannuation benefits.

Of course, you should speak to an authorised financial adviser to assess the impact on your personal financial situation if you have any concerns or questions.

Whether or not these changes are implemented may depend on the outcome of September's federal election.

The Opposition has indicated, for example, that it will not proceed with the Government's proposed new tax on pension investment income. It has also said it would scrap the recently introduced Low Income Earners Government Contribution.

However, regardless of the election result, Mercer expects further changes to superannuation in coming years.

Mercer believes that a longer-term approach to retirement income policy, not a piecemeal strategy based on short-term political gain, is critical to securing the financial security of Australia's ageing population.

With this in mind and given the proposed changes to superannuation still lack detail and any certainty, Mercer has taken the opportunity to realign the superannuation debate back to the long-term.

To read the Federal Budget papers, go to:

http://www.budget.gov.au/2013-14/index.htm)

The scheme's mobile website launch

We're pleased to launch our SA Metropolitan Fire Service Superannuation Scheme mobile website. Your super on the go!

The mobile friendly version of the site allows you to see your:

- super balance,
- transaction history,
- personal details,
- investments, and
- contributions.

You can also update your PIN and, if you have any website related questions, there is a click through capability to call the Helpline or The Manager for information regarding the Scheme.

Now you can stay connected with your super whenever it suits…YOU!

To access the new mobile site, simply enter www.samfs.superfacts.com into your smartphone browser and get your super on the go! Alternatively you can scan the QR code above using the QR reader in your smartphone and it will take you directly the mobile site.

How to use a QR code

To use the QR code to access the website, you will need to download a QR reader app onto your smartphone (these are available free from your app store) if you don't already have one installed. Once the app has downloaded you can simply hold the QR reader over the QR code shown above and it will take you directly to the SAMFS Super Scheme website on your smartphone. It's as easy as that. So check it out.

What if I retire after age 60 – when is the best time to go?

I am often asked when is the best time of the year to retire. Usually it is in July when the Final Average Salary is increased to a new level, but that might not always be the best option.

The Late Retirement Benefit (B) as described below shows that if we have had positive investment markets since you turned 60, now might be the better time? The Late Retirement Benefit (B) can move up and down with investment market movements but you are always protected by the best of (A) as stated below.

If you retire from employment after age 60 your benefit is calculated as:

The greater of A or B as follows:

A) The greater of:

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

OR

ii) 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

B) 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,

PLUS+

ii) investment earnings on (i) above based on the unit price movement of the Growth 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% of Superannuation Salary less an allowance for 15% contribution tax and administration expenses plus investment earnings based on unit price movements of the Growth investment option.

PLUS+

C) The balance of your Accumulation Benefit.

If you are contemplating retirement in the near term, please give me a ring so we can discuss your own particular circumstances.

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.

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.

**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.