SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

Autumn 2010

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 2010 edition of Super Info.

Extra 3% Super Contribution

The Trustee has received the 1 July 2009 Actuarial Review which recommends that the extra 3% (post tax) contribution to sustain your benefit accruals and insurances at 100% continue until the Scheme's financial position is again reviewed as at 1 July 2010.

While investment performance for the 8 months to the end of February 2010 has been 11.8% and has bettered our financial position significantly, January was a negative month and our medium term investment performance, like most other superannuation funds, is still negative. The return for the 3 years to the end of February 2010 for the Scheme's Growth portfolio is -4.3% per annum. The Australian share market is still way off its November 2007 highs. We still have ground to make up but we are making progress.

You can see that anybody in an accumulation based superannuation fund or retirement product is still experiencing some investment performance pain over the medium term. The duration of the extra 3% contribution will be determined mainly by investment markets in the months and years ahead and no-one can say with confidence what that will be. Hopefully your contributions to the Scheme can be reduced back to the normal level and the repayment of the additional 3% with interest to your accumulation account can occur sooner rather than later.

Please give me a call if you wish to discuss this issue in more detail and if you would like me to visit your shift or department for an informal presentation. I would be keen to make a suitable time.

We post a comprehensive investment report monthly on the website which we encourage you read. Just go to the home page at www.samfs.superfacts.com and click on the Investment Performance Update link.

Concessional Contribution Limits

We continue to receive many enquiries about how much you can voluntarily salary sacrifice without incurring significant tax penalties. The amount of concessional contributions (see below) that can be paid towards your super at the concessional tax rate of 15% was reduced to $25,000 per annum for those who are under age 50 at the end of the 2009/10 financial year and $50,000 per annum for those aged 50 or over. The new limits applied from 1 July 2009. The higher limit for those aged 50 or over will only apply until 30 June 2012.

Concessional contributions include any contributions made by your employer and salary sacrifice contributions and for those who are self-employed, any contributions for which you are able to claim a tax deduction. Certain other less common contributions are also treated as concessional contributions. You can see a list of these on the Australian Taxation Office's (ATO) website, www.ato.gov.au

An additional tax of 31.5% (more in some cases) will apply to any contributions in excess of the new concessional limits.
You can avoid this additional tax by monitoring the contributions being paid for you and adjusting these where necessary or possible.

For permanent employees, both your employer and compulsory contributions (only if they are paid by salary sacrifice) are included as concessional contributions. Your employer's contributions are reported to the ATO as 'notional taxed contributions', rather than the actual contributions made, since they relate to the funding of your defined benefits in the Scheme. Please contact the Manager for an explanation of what 'notional taxed contributions' are reported to the ATO.

If a financial planner or accountant is acting on your behalf, please have them contact the Manager for clarification as well.

The limit of $150,000 a year for **non-concessional contributions** has not been changed. This includes any contributions you make from your after-tax income as well as some less common types of contributions. If you are under age 65 at the start of the financial year, you may be able to contribute up to $450,000 in a year provided that your non-concessional contributions in that year plus those in the following two years do not exceed $450,000.

An additional tax of 46.5% (more in some cases) will apply to any contributions in excess of these non-concessional limits. To avoid this additional tax, it's advisable to keep an eye on your non-concessional contributions throughout the year, adjusting these where necessary.

Did you know?
You can view your concessional contributions received by the Scheme in the current financial year by logging on to www.samfs.superfacts.com. Go to the 'Contributions' page and click on 'Contributions caps'.

Payment of excess contributions tax

Most members will not exceed the above concessional and non-concessional contribution limits. However if you do, the ATO will send you a special tax assessment together with a release authority which you will be able to give to your superfund to authorise it to pay the tax on your behalf. Your super fund can only do this from an accumulation account in your super fund (it cannot be paid from any defined benefits that you might have).

If your assessment is for excess **concessional** contributions tax, you will only have 90 days to give your release authority to your super fund if you want it to pay the tax to the ATO – or reimburse you for any tax if you have paid it yourself. It is not compulsory to arrange for your super fund to pay this tax.

If your assessment is for excess **non-concessional** contributions tax, you will receive a "compulsory release authority" which you **must** provide to your fund within 21 days so your fund can pay the tax or reimburse you.

If you receive an assessment you will need to read it carefully to understand the actions you must take and the time frames that must be met.

Spouse Contributions

A tax offset may apply if you make contributions on behalf of your non-working or low-income-earning spouse (married or de facto).

Eligibility
The Federal Government provides a tax offset of up to $540 pa where you make superannuation contributions of up to $3,000 and all of the following conditions are met:

- The sum of your spouse's assessable income and total reportable fringe benefits was less than $13,800 for the financial year.
- At the time of making the contribution, you and your spouse

were not living separately on a permanent basis.
- Both you and your spouse were Australian residents when the contributions were made.
- The contributions were not deductible to you.

Please contact the Australian Taxation Office (ATO) on 13 10 20 if you are unsure of the correct assessable income figure for your spouse.

Calculating the offset
The tax offset is equivalent to 18 per cent on the first $3,000 of spouse contributions made. The maximum offset amount of $540 pa applies when your spouse's income is $10,800 pa or less. The eligible spouse contribution limit of $3,000 reduces by $1 for every $1 of income above $10,800 until your spouse's income reaches $13,800, when the offset is no longer available.

Example
John and Sue are married. Sue works part-time and the total of her assessable income and reportable fringe benefits is $11,480 for the financial year. John has contributed $3,000 to Sue's super account. The amount of offset that he can claim is calculated below:

Sue's total income	$11,480.00
Minus maximum deduction level	$10,800.00
Equals reduction in offset amount	$680.00
Maximum offset amount	$3,000.00
Less reduction in offset amount	$680.00
Equals offset amount	$2,320.00

John then needs to multiply the offset amount by the offset percentage:

Offset amount	$2,320.00
Multiplied by the offset percentage	18%
Equals claimable tax offset	$417.60

John can claim a tax offset amount of $417.60 in his income tax return for the spouse contributions he made.

For more information, please contact the Manager on 8204 3826.

Consolidating your super

Don't lose track of your super!
If you have had several part time jobs in the past, you may have accumulated super with a number of different super providers. Consolidating these accounts will ensure that you don't lose track of your super.

There are three good reasons to consolidate your super accounts:

1. Save money on administration fees
If you have more than one super account, you may be paying multiple sets of member fees, administration fees, insurance premiums etc. These fees could deplete your super savings.

2. Manage your investment strategy
Having your super with many different super providers may dilute your desired investment strategy, which may not only reduce your overall benefit but also require more effort to manage properly.

Did you know that lost super or inactive super member accounts are often rolled into an eligible rollover fund, which may be invested in a conservative investment option, such as a cash fund.

3. Reduce your paperwork
You will receive a single statement that covers all your super information, making it easier to manage your account and avoid a lot of extra paperwork.

What's next?
Everyone's super situation is different. The first thing you need to do is find out where your super is held. If you don't know, contact the ATO on 13 10 20 or visit the ATO website at www.ato.gov.au/super for help with tracking it down through the ATO SuperSeeker. This is a free service.

Then consider the implications of moving your super, such as:

- Are there any termination penalties?
- Are there any investment or taxation implications?
- If you have insurance cover with your existing super fund(s), will you be adequately covered during the transfer process?

You may also wish to seek advice from a licensed financial adviser or taxation specialist.

Forms to rollover your benefit into the Scheme are available from the website: www.samfs.superfacts.com.au or call the Manager on 8204 3826.

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

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.

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*