SA METROPOLITAN FIRE SERVICE
SUPERANNUATION SCHEME
Spring 2009

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 Spring edition of Super Info.

Check List.

Members are again reminded of the following:

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. **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

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.

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

Reductions in concessional contribution limit

The amount of Concessional contributions that can be paid towards your super at the concessional tax rate of 15% has been 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 in the relevant financial year. The new limits apply 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, 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.

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 'Contribution 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.

Co-contributions still valuable despite temporary reduction

The Government has temporarily reduced its popular **superannuation co-contribution**, a payment available to low-income and some middle-income Australians. Even though the amount of the co-contribution has been reduced, it is still a valuable benefit which can increase your super savings.

From 1 July 2009, the Government will contribute $1 for each $1 contribution you make from your after-tax income. The maximum co-contribution will be $1,000 a year if your income* is less than $31,920 a year. The co-contribution reduces gradually at a rate of 3.333 cents for every dollar earned above $31,920, and cuts out at $61,920 in the 2009/10 financial year (In 2010/11, and future years, these thresholds will be indexed to Average Weekly Ordinary Time Earnings).

* Your income includes your assessable income, reportable fringe benefits and, from 1 July 2009, your reportable employer superannuation contributions.

The Government has also indicated that maximum co-contributions are expected to increase to $1.25 for each $1 member contribution (maximum $1,250) from 1 July 2012, and then revert back to the previous maximum level of $1.50 for each $1 member contribution (maximum $1,500) from 1 July 2014.

Amendments to the Constitution and Election Rules

To address a requirement for the growing number of retired members' interests to be better represented at Board level, a minor amendment has been made to the Scheme's Constitution and Election Rules.

- A "Member-Elected Representative Director" will not automatically cease to be a director of the Trustee upon ceasing to be an employee of the Corporation or an associated Employer, provided that the director remains a member of the Scheme (as a "Parked Member");
- A "Member-Elected Representative Director" will automatically cease to be a director of the Trustee upon ceasing to be member of the Scheme;
- Parked Members (as well as "Ancillary Employees") will be permitted to be nominated for and to become a "Member-Elected Representative Director";

Only "Ancillary Employees" will be permitted to vote in an election of a "Member-Elected Representative Director:

The nomination of UFU and Corporation Trustee Directors remains unchanged.
Please contact the Manager for any additional information.

UFU of SA – Appointments to the Trustee Board

At its State Council meeting held on 11 June 2009, it was endorsed that the UFU representatives on the Board of the SAMFS Superannuation Scheme are:

Trustees:
Mr Greg Northcott
Mr Michael Vander-Jeugd
Mr David Harvey
(previously an alternate Director – replacing Mr Bill Jamieson)

Alternate Trustees:
Mr Neil Mangelsdorf
Mr Greg Smithson
(replacing Mr Greg Chivers and Mr David Harvey)

Behind the jargon: Accessing super benefits

Super Scheme members and beneficiaries are often concerned about how and when they can access their fund balances. These concerns are covered by superannuation conditions of release, which can take several forms.

These conditions include death, incapacity, terminal medical conditions and attaining age 65, which are largely self-explanatory. The other main *conditions of release* cover attaining Preservation age and retirement.

Preservation age

Superannuation Preservation age is linked to date of birth (see table).

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960–30 June 1961	56
1 July 1961-30 June 1962	57
1 July 1962-30 June 1963	58
1 July 1963-30 June 1964	59
After 30 June 1964	60

Retirement

For conditions of release purposes, a member can be considered as retired and be eligible for unrestricted access to benefits if he or she is less than 60 years of age, but has attained his or her Preservation age, the member's employment has ended and fund trustees are reasonably satisfied the member does not intend to return to full or part time work. An individual aged between 60 and 65 can be considered as retired if the member has permanently ceased working. At present, on reaching 65 a member has unqualified and unrestricted access to benefits regardless of employment status.

Less common conditions of release include *severe financial hardship and compassionate grounds.*

Age Pension Qualification Age to Rise

Another change in the 2009 Federal Budget was the age at which the age Pension can now be accessed.

The qualifying age for the Age Pension and Commonwealth Seniors Health Card will increase to 67 from 2023. See below for other age brackets.

Start Date	Qualifying Age	Affects people born	Reach New Age Pension Age
Until 1/7/2017	65 years	Pre-1/7/1952	
1/7/2017	65 years 6 months	1/7/1952 –31/12/1953	1/1/2018 –30/6/2019
1/7/2019	66 years	1/1/1954 –30/6/1955	1/1/2020 –30/6/2021
1/7/2021	66 years 6 months	1/7/1955 –31/12/1956	1/1/2022 –30/6/2023
1/7/2023	67 years	Post –1/1/1957	From 1/1/2024

Individuals who wish to retire at the traditional age of 65 (or earlier in some cases) will have to, in future, self fund their retirement for somewhere between six months and two years.

Recent figures released by the Association of Superannuation Funds of Australia (ASFA) have also revealed the importance of taking an early interest in your super by calculating the cost of living in both a comfortable and modest lifestyle in retirement. The figures indicate that the age Pension is not enough to provide retirees with either lifestyle.

	Modest Lifestyle	**Comfortable Lifestyle**	**Age Pension**
Single	$19,450	$37,621	$17,507
Couple	$27,366	$50,414	$26,390

This demonstrates the importance of why a solid savings/investment base from superannuation is essential to give yourself the best opportunity to have both an enjoyable and comfortable standard of living in retirement.

Investment Performance

Multi-sector product returns net of fees to 30 September 2009 [1,2]

	1 mth %	**3 mths %**	**FYTD %**	**1 year %`2**	**2 years p.a.**	**3 years % p.a.**
Cash	0.2	0.7	0.7	3.7	4.8	5.0
Capital Defensive	1.0	3.8	3.8	2.2	0.3	2.5
Conservative	1.7	6.3	6.3	1.4	-3.4	1.0
Moderate	2.3	8.5	8.5	2.3	-5.1	0.6
Balanced	2.5	9.4	9.4	-0.8	-8.9	-1.2
Growth	2.8	10.3	10.3	-1.5	-10.6	-1.9
High Growth	3.3	12.6	12.6	0.2	-11.7	-2.0

1. Returns are net of effective tax rates and after deduction of all fees and costs.
2. The taxable products were established in April 2005, with the exceptions of the Moderate product (established in July 2006).

Whilst very short term performance has been positive, long term performance remains in negative territory and the 3% extra compulsory contribution for defined benefit members is likely to remain in place for the foreseeable future.

Alan Kent
Manager