



SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

Winter 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 Winter 2010 edition of Super Info.

Reportable Employer Superannuation Contributions

From 1 July 2009, income tests used to determine eligibility for a range of Commonwealth Government financial assistance programs were tightened to include non-wage remuneration. For the 2009-10 income year and all future years, the Australian Taxation Office (ATO) requires that all employers report any "reportable employer super contributions" on Payment Summaries for employees.

Reportable employer super contributions are those contributions your employer makes for you where **all** of the following apply:

- you influenced the amount or rate of super your employer contributes
- the contributions are additional to the compulsory contributions your employer must make under any of the following:
 - super guarantee law
 - an industrial agreement
 - the trust deed or governing rules of a super fund
 - a federal, state or territory law.

Reportable employer superannuation contributions are in the majority additional salary sacrifice contributions that your employer makes on your behalf.

If you made a personal contribution and do not claim an income tax deduction (post tax) that amount is not a reportable super contribution.

How reportable super contributions affect you

Reportable super contributions are not included in your assessable income but are added to other income for the purposes of assessing eligibility for a number of government benefits and schemes, including:

- Medicare levy surcharge threshold calculation
- Medicare levy surcharge (lump sum payment in arrears) tax offset
- all dependant tax offsets
- senior Australians tax offset
- pensioner tax offset
- mature age worker tax offset
- spouse super contributions tax offset
- super co-contributions
- deduction for personal super contributions
- Higher Education Loan Programme (HELP) and Student Financial Supplement Scheme (SFSS) repayments.

The new law also affects a range of Centrelink and Child Support benefits and obligations.

Payment Summaries

The payment summary will now include a new label to show reportable employer super contributions.

What you need to do

It is important that you review your entitlement to benefits and obligations to see if you are still eligible for entitlements

You may need to:

- Provide new withholding declarations,
- Arrange extra tax deductions with Payroll to ensure that amounts withheld from your salary during the year best meet their expected tax liability,
- Reconsider your salary packaging arrangements.

When you complete your 2009–10 tax return, declare any reportable employer super contributions reported on your payment summary.

More information?

If you need any assistance or additional information please refer to the Australian Taxation Office, visit www.ato.gov.au search 'reportable employer superannuation contributions' or call 13 10 20 or speak to a registered tax professional.

This fact sheet contains information of a general nature only. It has been prepared without taking into account your individual objectives, financial situation and particular needs. We have endeavoured to ensure that the information contained in this fact sheet is accurate to the best of our knowledge but cannot guarantee its accuracy or accept any liability for any errors or omissions.

Budget in Brief

On 2 May 2010, the Federal Government announced a number of changes relating to superannuation.

- A gradual increase in the Superannuation Guarantee (SG) from 9% to 12% by 2019-20.
- An increase in the SG age limit from 70 to 75 from 2013-14.
- A new Government superannuation contribution for low income earners commencing in 2012-13 and initially paid in 2013-14.
- An increase in the concessional contribution limit to \$50,000 for those age 50 or more with account balances of less than \$500,000 from 2012-13.

These changes were supplemented on Budget night by the announcement of further changes including:

- A 50% tax discount on up to \$1,000 of personal interest earnings on bank accounts and other eligible deposits, from 1 July 2011.
- Reductions in the level of Government superannuation co-contributions and a tightening of the ATO's procedures in verifying eligibility for the co-contribution.
- More flexibility in relation to First Home Saver Accounts.
- An increase in the time limit for deductible employer superannuation contributions to be made for former employees.
- Extending the current temporary provision to allow a tax deduction for eligible contributions made to a previous fund

where the member has subsequently transferred to a successor superannuation fund.

- Allowing superannuation funds a tax deduction for the cost of providing terminal medical condition benefits.
- Extending the loss relief available to merging superannuation funds to include the situation where funds merge into a new fund, but there has been no extension to the latest eligible merger completion date of 30 June 2011.
- Allowing the Commissioner of Taxation to exercise discretion in relation to excess contributions tax before an assessment is issued.
- Increasing funding for the Superannuation Complaints Tribunal (to be met from an increase in financial sector levies).
- Providing new arrangements for public sector defined benefit schemes which fund benefits through 'last minute' contributions.
- Providing for the transfer of unclaimed superannuation monies held by the States and Territories to the ATO.

Other changes affecting employees and employers that were announced in the Budget or on 2 May 2010 include:

- A reduction in company tax from 30% to 29% in 2013-2014 and to 28% in 2014-2015.
- The introduction of a new Resource Super Profits Tax in relation to mining companies from 1 July 2012.
- A simplification of tax returns by allowing individuals to claim an optional standard tax deduction from 1 July 2012.
- A significant investment in skills to support sustainable growth.

The Government has also confirmed that it will proceed with its paid parental leave proposals that were announced in last year's Federal Budget.

Changes have also been made in relation to health funding and other issues which affect the financial services sector. These include:

- Significant additional funding for the National Health and Hospitals Network.
- An improvement in the provision of health services through the introduction of electronically stored personal health data.
- Interest Withholding Tax paid by financial institutions on most interest paid on offshore borrowings will be phased down with effect from 2013-14.
- Changes to the Managed Investment Trust regime.
- The establishment of a Centre for International Finance and Regulation.

New Appointment to the Trustee Board

Following the resignation of Mr Ray Sedunary as an Alternate Director from the Board of Trustees, the Corporation has advised the Scheme that Mr Christopher Smith had been appointed as the new Alternate Director to replace Mr Sedunary as from 2 June 2010.

The current Directors of the Board are:

Employer Directors:

Mr Grant Lupton
Mr Mick Smith
Mr Roy Thompson
Mr Garry Powell

Alternate Directors:

Mr Glenn Benham
Mr Christopher Smith.

Employee Directors

Mr Greg Northcott
Mr Michael Vander-Jeugd
Mr David Harvey
Mr Robert Tidswell

Alternate Directors:

Mr Neil Mangelsdorf
Mr Greg Smithson

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.

Generic Online Calculators

As part of our continuing commitment to member education and information, Mercer has introduced an updated suite of calculators for use on our website.

These calculators have a number of enhancements – including an improved user interface – that will help you plan better for their financial future.

The enhanced Retirement planner, Salary sacrifice calculator and Life expectancy calculator are now available on the SA Metropolitan Fire Service Superannuation Scheme website. Each one has a number of new features:

- **Retirement planner**
 - an improved user interface
 - graphics to easily illustrate a member's changing balance over time - (accumulation example)
 - scenario building to attain greater control over factors affecting a member's balance, such as fees and insurance premiums
 - taking the effect of the age pension on retirement income into account in the calculations.
- **Salary sacrifice calculator** – incorporating an improved user interface. We still have our defined benefit salary sacrifice calculator on the home page.

- **Life expectancy calculator** – incorporating an improved user interface.

The calculators are current for the 2010/11 financial year and will be updated as required to take into account changes to thresholds or legislation.

Our goal is to continue to provide you with an experience across a variety of channels that allows you to more effectively take control of your super. Throughout the year, we look forward to adding to this latest enhancement.

Investment Performance

Investment returns net of fees to 30 June 2010 ^{1,2}

	1 year %	2 years % p.a.	3 years % p.a.
Cash	3.3	4.0	4.4
Capital Defensive	9.6	3.9	2.7
Conservative	11.0	1.9	0.0
Moderate	11.0	0.6	-1.9
Balanced	11.3	-2.2	-4.6
Growth	11.2	-3.5	-6.1
High Growth	12.0	-4.0	-7.2

1. Returns are net of effective tax rates and after deduction of all investment fees and costs.
2. Returns are those achieved by Funds SA for each of the investment products shown. The Scheme has been using Funds SA since 1 November 2007 and therefore the 3 year returns are for information purposes only and have not been experienced by members of the Scheme.

Benefit Statements and Annual Report

The process of producing your 1 July 2010 Benefit Statements is well under way and we anticipate issuing these in early October.

This year, in the interests of the environment and controlling costs to your Scheme, we have decided to provide the Annual Report online only. This should also be available in early October.

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