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THE SUPERANNUANT

Newsletter of the South Australian Government Superannuated Employees Association Inc
Trading as S.A. Superannuants. Established 1927

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From the President

In a recent keynote speech to the Wicking Symposium on Ageing and Alzheimer's, Dr. Patricia Edgar, drew attention to the fact that people today tend to talk about "the problem of old age". This attitude, that old age is a "problem", and older people a "problem" for the rest of the community, is in danger of becoming a "settled fact". We are a burden on the generations to follow; we do not pay our own way! Maybe it is time to challenge these assertions before they become too fixed.

We know that many of the volunteers in our community are "retired" people". Organisations like Meals on Wheels, the Red Cross, church and community charities and sporting clubs draw heavily on "retired people" as volunteer workers. Young families depend on retired parents and grandparents for child minding. Retired wives, husbands, sisters and brothers in their thousands are carers for family members who would otherwise fill up nursing homes.

We know all these things but do our political leaders? The last federal election convinced me that we "retired people" are viewed as a cost and a growing liability. The needs of "retired people" and recognition of our contribution to the community and the economy were way in the background. The last federal budget proved this.

Do we need to do something more positive about this? If yes, then what do you recommend?

Peter Fleming

CPI Change: The Adelaide Consumer Price Index increase for January 2014 – June 2014, was 1.05% and this same adjustment will be made to Super SA pensions from October, 2014.

Speaker Program for General Meetings

September-November, 2014
(Speakers and topics subject to change without notice)

Pilgrim Centre, 12 Flinders Street, Adelaide.
Meetings commence 1 p.m.

September 29: Senior Constable Nigel Allen, South Australian Police, *"Tips for older drivers"*.

October 27: John Montague, CEO Super SA, "*Default superannuation and MySuper*".

November 24: Peter Christopher, President, City of Adelaide Preservation Society, *"Return of the City of Adelaide Clipper"*.

NEW ANNUAL MEMBERSHIP POLICY
Read carefully page 2
"From your Membership Officer"

In This Issue Of *The Superannuant*

Disclaimer: Readers should not act, or refrain from acting, solely on the basis of information in this newsletter, but should consult the relevant authorities and advisers.

From your Membership Officer

Thank you to the 54 annual members who, since the last newsletter, have renewed their membership for this year. As at 1/8/2014, we have 367 out of 515 annual members, whose membership is about to expire.

The problem of membership is made worse by the practice of many members paying fees in arrears. **367 MEMBERS HAVE PAID UP TO 31/12/2014 ONLY.** Most of these people will pay during next year **to the end of 2015 only**.

NEW ANNUAL MEMBERSHIP POLICY

- **IF YOUR MEMBERSHIP IS PAID UP TO 31/12/2014, YOU NEED TO RENEW BEFORE THE END OF THIS YEAR TO ENSURE CONTINUITY.**
- Do not expect any more newsletters after your membership expires.
- You will receive newsletters if you are financial for that current year.
- In 2015 only, you will receive one more newsletter with **"FEES OVERDUE".**

If you are paid up to 31/12/2014, renew NOW, for 2015.

New life members: Mr J Lawson, Mr H Pullar

New annual members: Mr K Morcom, Dr A Vicary, Mr G Jones, Mr D Watts, Mr D Boisvert, Ms J Underdown, Mr R Bray, Mr J Botczuk, Mr J Durant

Deaths: Mr K Heinrich transfer to wife Mrs D Heinrich, Ms V Trowbridge, Mr L C Hoff, Mr K M Isaacs transfer to wife Mrs D Isaacs, Mr W Grant, Ms V Gore, Ms M Giles, Mr L Bradock, Mrs N Sykes, Mr G Harding

Annual to life: Mr W Fraser, Mrs Y Scensor, Mr R Craig, Mr R Baack *Max Jahn*

Where there's a will there's a way

Do you have a Will? Having a current Will means you'll have peace of mind knowing that should the worst happen:

- your wishes will be fulfilled
- your money will go where you want it to
- your loved ones have one less thing to worry about when they are grieving your loss.

If you don't have a Will when you die, you die intestate, and your estate assets will be distributed according to the relevant SA legislation (*Administration and Probate Act 1919*). Not only does it mean that your final wishes might not be honoured but it can open up many complex issues for your family.

In addition, resolving who benefits from an intestate estate can cost money, which means there'll be less for your loved ones. The Public Trustee tells us "When people come in to discuss getting a Will, the first thing we say is 'Congratulations, you've made a good decision'." There are certain things you'll need to consider before you start such as:

- who you're selecting as executor
- what you want your Will to do for you
- what you want to distribute in your Will.

Super and your Estate: when it comes to your super, your death entitlement will be paid according to the rules of the Pension Scheme. According to the Public Trustee, it's a good idea to include a clause in your Will concerning how you may want any lump sum super you have, distributed. For more information, see the Pension *Death Entitlements* fact sheet. Go to www.supersa.sa.gov.au.

Talk to an expert: there's a lot more to estate planning than just having a Will so it's important to speak to the professionals and work through every component. In the first instance speak to a solicitor or Public Trustee. Ultimately you want someone who can help you achieve the best outcome for you and your beneficiaries.

Planning ahead: life is full of unexpected events and we don't know what's around the corner for any of us. It's important to plan ahead and take control while you're fit and well. This means nominating someone else now to be able to make important decisions on your behalf later, should you lose the capacity to do so. You can do this via an Enduring Power of Attorney, Medical Power of Attorney and Enduring Power of Guardianship.

What's the difference between Enduring Power of Attorney, Medical Power of Attorney and Enduring Power of Guardianship?

An Enduring Power of Attorney (EPOA) is a legal document where you appoint a person of your choice to manage your financial affairs, in the event of illness or an accident. Or you might choose to have an EPOA act on your behalf while you are away on holidays.

By nominating a Medical Power of Attorney, you're authorising someone else to make medical decisions on your behalf. This person, or medical agent, is responsible for consenting to any treatment or surgery you may require.

An Enduring Power of Guardianship (EPG), also established through a legal document, authorises another person to make important decisions on your behalf, encompassing a wide range of factors surrounding living arrangements and other issues important to your well-being.
Find out more: to find out more about Enduring Power of Attorney or Wills and estate planning, visit www.publictrustee.sa.gov.au which is the Public Trustee website. They provide a range of services and run seminars in the city and in regional locations.
John Montague, General Manager, Super SA

Medicare levy increase

Many members will have noticed a small decrease in their *Super SA* pension payment after 1 July. This is due to the increase in the Medicare Levy from 1.5% to 2.0% from that date. The purpose of this increase is to fund the *National Disability Insurance Scheme* (NDIS), a most worthy cause in the opinion of the writer.

But this highlights a flaw in Australia's superannuation system. With income that is paid from taxed superannuation funds, once a superannuant is past age 60, his/her superannuation income is not only tax-free it no longer counts for Medicare Levy purposes.

The large part of the pensions paid from taxed superannuation funds is derived from contributions paid from pre-tax income and so the medicare levy was not paid on the income used to make these contributions. For *Super SA* pensions and Commonwealth pensions, members are required to pay their contributions from their after-tax income and so do pay the medicare levy on top of tax payable at their marginal rate (usually 32.5% or higher). Pre-tax contributions escape the Medicare Levy and tax paid by the super fund is at a maximum rate of 15%.

In addition taxed-source pension recipients pay tax on non-superannuation income as if it was the only income. Again it is very hard to make a case for tax-free superannuation income derived largely from concessionally taxed contributions to reduce tax payable on non-superannuation income. *Ray Hickman*

Ombudsman's investigation of EISS

Just prior to his departure from office the former State Ombudsman reported to the Legislative Council on his investigation of taxed-source pensions of the *Electricity Industry Superannuation Scheme* (EISS). This was in response to the Legislative Council referring the matter to him on 25 September 2013. The referral was made following representations to MPs from the Association and an EISS member.

EISS was previously the *ETSA Superannuation Scheme* which paid untaxed-source pensions similar to *Super SA* pensions until the state's electricity assets were sold. Following this EISS became a taxed fund and, to compensate the new private sector employers for the tax that then became payable by the fund, member's benefits were reduced. The rules for reduction of benefits were added to the existing EISS rules by the then-State Treasurer, Kevin Foley on 28 June 2002.

The controversy that eventually led to the Ombudsman's investigation centres on the question of whether the reductions made to EISS pensions went further than just compensating employers for the tax cost of the change to taxed-source pensions. The Association's position was that they did and an improvement in net incomes that should have gone to EISS members went instead to their employers.

The reason the Association has for saying this is found in Clause 11 of **Schedule 1 Superannuation** of the *Electricity Corporations Act 1994* (EC Act). EISS operates under the EC Act and the Act placed constraints on what the State Treasurer was permitted to do when inserting new rules for EISS to use. The relevant part of clause 11 is its part 11(2) which reads:

(2) A rule inserted by the Treasurer may—
- (a) prescribe a decrease in the level of gross benefits; or
- (b) require benefits to be paid on an untaxed basis or partly on an untaxed basis; or
- (c) make provisions of the kind referred to in both paragraphs (a) and (b),

in order to avoid or reduce an increase in employer costs caused by changes in the incidence of taxation as a result of the Scheme's loss of constitutional protection.

Note: the phrase 'loss of constitutional protection' refers to the shift of EISS into the taxed superannuation environment.

The key words in this provision are those commencing with ‘in order to …’. The Association takes these words to mean that any rule inserted by the Treasurer was not permitted to have the effect of reducing employer costs below what they were before the change.

It is also the Association’s position that the rule for reduction of pensions inserted by the Treasurer did reduce employer costs. There are many reasons for saying this with the most straightforward being:

- the pensions were commonly reduced by more than the 15% maximum rate of tax payable on fund assets and income;
- most members of the EISS pension division had service completed before 1 July 1988 when taxes first became payable by superannuation funds. This fraction of the assets backing the pensions, and/or contributions made to fund the pensions, was not subject to tax when EISS moved into the taxed superannuation environment.

The Ombudsman decided that the components of the Legislative Council referral dealing with the effect of the rules on employer costs, and their compliance with the law, were outside his jurisdiction. This means that his investigation has not settled the controversy over EISS pensions. Indeed there are features of the investigation that are controversial in their own right e.g. a key witness to the investigation was interviewed without being on oath. In addition, the Ombudsman made his own interpretation of 11(2) saying it did not preclude a reduction in employer costs. He did this knowing that Crown Law advice was consistent with the Association’s position. This advice read:

> *The power in clause 11 did not extend to the making of a rule that provided for a total reduction in gross benefits which was greater than that which is required to avoid an increase in employer costs. Put another way, the power in clause 11 could not be used to insert a rule which had the effect of decreasing employer costs.*

This is a matter too complex to set out in a newsletter and more detail may be made available on the Association website later. The EISS controversy, and the Ombudsman’s investigation of it, is each a treasure trove of matters for those interested in the workings of Governments and the authorities they create. *RH*

Travel insurance for Seniors

The complete accuracy of this article cannot be guaranteed, therefore it is to use this as a guide only.

Travel insurance can be complex at the best of times. With so many factors to consider when looking at quotes, finding the right deal on-line can be a nightmare.

It is recommended that you read the **PRODUCT DISCLOSURE STATEMENTS (PDS)** when comparing quotes to gain an understanding of what situations each policy covers before purchasing. It is **your responsibility** to get the cover you need. Also remember that some Travel Insurance providers offer a discount (5% to 10%) when you book on-line, e.g. RAA and Australian Seniors offer 10% discount.

Travel Insurance providers offer policies for various plans and all have Conditions & age limits. For example:
Budget Plan/ Comprehensive Plan for international travel/ Domestic travel Plan/ Single-trip Plan/ Multi-trip Plan/ Annual frequent traveller Plan/ Annual multi-trip Plan/ Deposit and Cancellation Plan to name a few. *Nick Trend – Travel Journalist* says “If you travel a lot it will probably pay you to take out an Annual multi-trip policy, which will cover you for all the travel you do in that year. The added advantage of this is that you don’t have to keep buying policies”.

ALWAYS *read the PDS and Travel Insurance plan for each policy before making a decision to purchase.*

For domestic and/or overseas travel the general consensus is “If you can’t afford a travel insurance policy, then you probably can’t afford to travel”. CANSTAR says –“For the protection it provides the cost of travel insurance is cheap”

Unfortunately, travel insurance doesn’t come cheap unless your Credit Card and affiliated insurance providers have you covered. Once you have your credit card, you then have to meet the eligibility criteria to qualify for travel insurance cover. *For this you need to read the Insurers PDS.*

Age Cover: when younger, travel insurance generally isn’t a problem, but for seniors, and older seniors, age can pose a problem as Travel Insurance providers have conditions, age limits, time limits and exclusions that apply. A wide age range is covered by Insurers and their policies ... **and conditions apply**. E.g. Over 50s, up to 65, 70, 75, and 80 years of age and under. Some insurers choose not to offer cover to those aged over 80 years. All travellers aged 81 years and over are required to be assessed by the Insurer – who then has the right to accept or decline cover or impose special conditions, such as an excess or reduced benefits.

1Cover Travel Insurance believes you are never too old to travel and therefore provide travel insurance to all travellers regardless of age. This is determined case-by-case as each individual is unique. If you happen to have a pre-existing medical condition and need cover for it, you complete a medical declaration form and send it in to Insurer for assessment. **Conditions apply.**

COTA Travel Insurance (COTA) is a specialist provider of travel insurance for over 50s in Australia. They have four (4) Plans: – Comprehensive Plan, Annual Frequent Traveller Plan, Domestic Plan and Deposit and Cancellation Plan. You have up to 14 days (your cooling-off period) from the time you are issued with your Certificate of Insurance to decide if the cover is right for you.

- *Comprehensive Plan* is COTA'S premium product for international travel with maximum trip duration of 12 months.
- *Annual Frequent Traveller Plan* – covers multiple trips overseas and within Australia of up to 50 days each during a 12 month period. *All travellers* must be under 76 years of age on the date the Certificate of Insurance is issued.
- *Domestic Plan* – covers travel within Australia for a maximum trip duration of 6 months from departure. Covers 80 years and under.
- *Deposit & Cancellation Plan* – is to protect your holiday investment against unforeseen circumstances *before* your trip begins. Can be purchased for periods of 3, 6, 9 or 12 months

Australian Seniors Insurance Agency provides world-wide protection 24/7; unlimited overseas medical expenses cover (Worldwide Plan only); Domestic and international cover; Cover available for selected pre-existing medical conditions. Cover for 75 years and under; Book on-line - 10% discount.

What about existing medical conditions? This is what worries Insurers the most. If you are taken ill because of a condition you *did not declare* when insurance was purchased your claim *will NOT be paid*. Even if you have an annual policy, you *must inform* the Insurer if you develop a condition during the period of insurance. Typical conditions might be hypertension, diabetes, or cancer even in remission, but *if in doubt* talk to the Insurance company *before* you buy cover, and **have all the details recorded in writing.**

In 2008 **Choice Magazine** did a comparison survey in which 29 Insurance providers participated**.** However we understand that to date there has not been a further review. There are a number of Insurers who compare travel insurance plans e.g. *Mozo Travel Comparison Services, CANSTAR and Compare the Market* whose respective web addresses are:

- mozo.com.au
- canstar.com.au/travel-insurance/compare
- comparethemarket.com.au

Compare the Market say "whether you are after a Single Trip Insurance policy to cover a one-off holiday or an Annual policy to provide cover all year round we take the guesswork out of the equation by letting you search quickly for some of the best deals in travel insurance today. Simply tell us where you're going and how long you'll be gone for and we'll provide you with a range of quotes to compare on-line. It's simple, just provide the requested information and you are then provided with *quotes from Insurers who have responded to your request*.

How much cover should I go for? – Nigel Trend –journalist for the Telegraph says: "One problem with comparing premiums is that no two travel insurance policies offer exactly the same levels of cover or terms and conditions. The best policy for you may NOT be the cheapest overall; it *will be* the one that offers *enough cover* at the *best price*".

You may or may not be aware that any medical related costs *incurred in the USA and parts of Europe are exorbitant*. **SO … there is *no short-cut* to having to look through the *Product Disclosure Statements (PDS) and Summary of cover*s and checking that you are happy with the amounts offered.**

Does your Credit Card have you covered for travel insurance? Some financial institutions provide complimentary travel insurance with their specific credit cards … all of which have an *eligibility criteria requirement ...* as does the Complimentary Travel Insurance.

You may already have complimentary travel insurance available and not even know it. Gold and Platinum credit cards often include free travel insurance but conditions apply. Most cards require that you spend at least 50% of the pre-travel expenses on the card, e.g. booking flights and paying for them on your "Gold or Platinum" card may qualify you for free travel insurance. Not all Gold and Platinum cards have free travel insurance, but many do. If you don't have such a card all is not lost. With the money you save by getting free travel insurance, the annual fee of most Gold and Platinum cards would be covered. Therefore, it could be worthwhile applying for such a card prior to booking flights and paying for that overseas trip. Most cards provide good cover for yourself *and a partner travelling with you at no extra cost*, so if you plan to travel once or twice in the next few years it's definitely something worth considering.

NB: For insurance at no extra cost it appears that the same eligibility criteria/requirement that applies to you (being that a prescribed amount *or* a percentage of travel related expenses must be paid for on your credit card) is also applicable to a partner or travelling companion and dependent persons travelling with you.

Some cards also come with a rewards program, though the annual fee for these cards is usually higher. If all you want is free travel insurance then you should try to find a card with a low annual fee.

A card with a rewards program in addition to free travel insurance may sound tempting but you'll pay for the privilege. Of the cards perused (ANZ, Bank SA, Bendigo, Commonwealth) the annual fees ranged between $87 to $375.

The Insurance providers call this insurance a Master Plan which has Conditions, limits and exclusions and *you need to read their PDS.* Restrictions on period of travel can apply e.g. – up to 21 days, 3 months, 6 months. Some restrictions on age are as follows:

- *Bendigo Bank* is affiliated with *CGU Insurance* – and they will cover you up to age 70 years. 70 years or over is not automatically covered for medical or medical related losses.
- *Commonwealth Bank* is affiliated with *Zurich Insurance* and they will cover 79 years or younger. "If you are aged 80 years or older and feel you may require cover for any medical and/or hospital expenses or related matters you may incur overseas – you may wish to seek cover elsewhere".
- *ANZ Bank* is affiliated with *QBE and Zurich Insurance* who will cover up to 80 years of age or under. Remember it is **your responsibility** to ensure cover for any existing medical conditions. *If unsure*, **consult your Insurance provider.**

Prior to departure. It would be prudent to have *written documentation* with Insurer's contact numbers (Australia and overseas) and details that verify your ***Master Plan*** *Travel Insurance cover* in case of an emergency. (This suggestion is because it is *unknown* if such information is *automatically provided by an Insurer.*) In the event of making a claim – you must *contact the Insurance provider*, NOT your Bank.

Health tip re <u>Deep Vein Thrombosis (DVT)</u> Minimise the risk of DVT while travelling by *drinking plenty of* non-alcoholic, non-caffeinated drinks *and by exercising* the lower limbs regularly to encourage blood flow. Every hour exit your seat and walk around or stand and shake lower limbs for five minutes. Compression garments can also be worn. Cricketers always wear long compression garments when travelling. Such preventative measures for them, should also apply to seniors for our well-being. Consider wearing compression socks/stockings when on long trips. Consult your doctor.

We hope this information has been of some interest and use. However to ensure that you have correct and current information you are advised to read the *Public Disclosure Statements*.

ENJOY YOUR CHOSEN DESTINATIONS AND MODE OF TRAVEL – wherever and whatever that may be.

Speaker's Corner

Chris Jeffreys from Mediation SA was the guest speaker at our April meeting. She advised members that if this service was needed it was better to contact Mediation SA early as sometimes legal recourse is the only solution and it is costly.

The service is free and voluntary. No-one can be made to participate. She cited some horrific situations that neighbours found themselves in e.g. rats in the gutter, foul language written on lawns, fences rattled in the early hours of the morning and so on. **How would you like these neighbours from hell?**

What is mediation? Mediation is a process that encourages people in conflict to explore options in order to reach an agreement that both sides can live with. Therefore the expensive legal system is avoided.

Mediation services can assist by:

- providing information about alternatives to the legal system
- discussing options available to all parties in the dispute
- negotiating with all parties to discuss options that can resolve the dispute to everyone's satisfaction
- encouraging all sides to explore the options together to reach an agreement
- referring the matter to other agencies as appropriate

Mediation SA does not assist in family disputes.

Why choose mediation?
Because it:

- is voluntary
- saves on lengthy, costly legal proceedings
- is confidential and conducted in private at a time to suit all parties
- is ***free***

Mediators are trained to be impartial and non judgemental. Mediators are accredited nationally and have had intensive training. Mediation can reduce the time a problem takes to be resolved and thus reduce anxiety and stress. Disputes are settled out of court and usually result in friendlier relationships.

Mediation takes place on neutral ground, not the home or workplace. The session can last about three hours. Community mediation services operates offices throughout the State including

- Adelaide city
- Angle Park
- Christies Beach
- Elizabeth
- Warradale

Contact details Ph 8350 0376 or 1300 850 650

Christine Venning

Fees And Their Payment

Current Fees: Annual: Full member = $15, Partner member = $5
Member for life: under 60 = $270, age 60-65 = $220, 65-70 = $160, over 70 = $130.

Receipts: *These will be sent for Life Membership Fees but members requiring a receipt for an Annual Fee must enclose a stamped self-addressed envelope.*

a) When paying by cheque or money order please send your payment to:

Membership Officer
S.A. Superannuants
P.O. Box 348
Modbury North SA 5092
Email: pmjahn@bigpond.com

b) When paying by electronic funds transfer
Please make sure that when the payment arrives in the Association account it is accompanied by your surname, initial and suburb. Otherwise we may not be able to recognize your payment.

Our Bank is **Bank SA** and other details are:

BSB 105-900
Account number: 950313840
Account name: SA Superannuants

c) When making an in-person deposit into the Association's bank account you must notify the membership officer (in writing or by e-mail) that you have done this and the date. This type of payment can be very difficult to assign otherwise.

d) New members and payments by electronic funds transfer or in-person deposits. If you are a new member paying by one of these methods please also send a membership application form to the Membership Officer so that your necessary details can be recorded. On the next page a form is provided that allows new members to join, and existing members to renew their annual membership or convert it to a membership for life or notify a change of address.

Membership: Applications and Renewals

Existing Members: your financial status, name and address are currently recorded as:

Please indicate errors or changes:

……………………………………………..……

………………………………………..

New Members: Title: …… Gender: ……....

First Name: ………………..…

Last Name: ……………..………

Postal Address: ……………………………

…………………………………………….

All New and Renewing Annual Members:

Payment Amount: $………………

Purpose of payment (tick relevant box)

- ☐ Renew annual membership ($15 /annum)
- ☐ Life membership (see scale below)
- ☐ Change annual to life (see scale below)
- ☐ Partner membership ($5 /annum)

Year of birth: …....... (life membership)

Telephone:

Home: …………… Mobile: ………………

Email: …………………………………….

Signature: ……………… Date: …………

Current Life member fees: under 60yoa-$270; 60-65yoa-$220; 65-70yoa-$160; over 70yoa-$130

A member asks . . .

Some pension scheme members, after commencing their pensions, obtain employment with a non-government employer who is obliged to make superannuation guarantee contributions for them. One of our members is in this position and his non-government employer is willing to pay these contributions into the Southern State Superannuation (SSS) scheme. The member was advised that the SSS could not accept these contributions.

The Association raised the matter at a meeting of the Superannuation Federation where a Super SA representative was present. This resulted in Super SA writing to the Federation as follows:

"Unfortunately the scheme cannot accept such payments as Membership of the scheme is governed by Section 19 of the Southern State Superannuation Act 2009 (the Act). This restricts membership to employees of the Crown or an agency or instrumentality of the Crown that is liable to make Superannuation guarantee payments. Sections 20 and 21 of the Act prescribe contributions and payments by employers, and the legislation does not give Super SA the ability to accept Superannuation Guarantee contributions from employers outside of Government. More broadly, Triple S is not a regulated scheme and able to make a public offer but rather is an exempt public sector superannuation scheme prescribed in Commonwealth legislation."

If this situation changes the Association will let members know.

RH