Issue 56 September 2019

THE SUPERANNUANT

Newsletter of the South Australian Government Superannuated Employees Association Inc.
Trading as SA Superannuants Established 1927 www.sasuperannuants.org.au

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From the President

When I was young, men retired at 65 years and the few working women at 60 years. On retirement they received the age pension. Within 10 years most of the men and some of the women had passed away. Today men and women retire at a variety of ages, mostly in their sixties, and can live, in the case of men, until they are 80 years. We are told that within 10 to 20 years life expectancy for both men and women will be around 90 years.

When the age pension was introduced the vast majority of working people did not have access to superannuation. The cost to taxpayers for the age pension was not that great because we did not live much past 70 years. That gradually changed with developments in medicine, safer and more mechanised working conditions and a cleaner environment and the Keating Government introduced compulsory superannuation. It was envisaged employer/employee contributions would grow over time and that superannuation would largely supplant the age pension. However, that growth has stopped and there is an ever increasing reliance on the part-age pension as a top-up to superannuation.

Perhaps one answer to our budget/debt woes is to resume growth in employer/employee contributions. In the long run this will lead to higher superannuation pensions and a reduction in the number of persons needing a part-age pension top-up.

The government could also improve the budget by reducing the very generous concessions to superannuation for higher income earners which were unwisely handed out during the now defunct mining boom.

I much prefer such long term strategies because they provide more certainty to people receiving a superannuation pension. *Peter Fleming*

We have a rejuvenated committee.
Welcome to:
Barry Grear,
James Vandenberg,
Alan Raftery.

See photo of our whole committee and backgrounds of our new members inside.

Members may be interested to know that Super SA plans to produce member figures again to members of the Superannuation Federation later this year.

In the meantime, the numbers up until the end of June 2019 are as follows:
Triple S: 180,912
Lump Sum: 3,172
Pension Scheme (not yet retired): 559
Superannuants (retired): 14,740

Members should look at these numbers in conjunction with the articles in this edition "From the President" and "Boundaries and Priorities".

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Speaker Program 2019-2020

Commencing at 1.00 pm on a Monday at
Pilgrim Centre, rear of 12 Flinders St, Adelaide

September 2019 - February 2020

September 30: David Jarmin, Amateur Historian, Marion *"Warriparinga Wetlands."*

October 28: Peter Owen, CEO Australian Wilderness Society (return visit by request), "*The Murray Darling Basin*".

November 25: Dr. Chris Daniels, Director, Adelaide Wild Life Conservation Project, Cleland Conservation Park, "*Illustrated talk on the recent success and challenges facing the facility*".

February 24, 2020: Co-founders of Aurrijo, *"The Tonsley Park Trials of Driverless Cars"*.

Current details about speakers, including any changes, are given on the Website under
Meeting > Next Meeting.

CPI Change

The Adelaide Consumer Price Index increase for January 2019 - June 2019 was 0.62% and this same adjustment will be made to Super SA pensions from October, 2019.

ComSuper pensions are adjusted in line with the weighted average of CPI changes in all capital cities with the most recent being 0.5% for Sept 2018 – March 2019, made in July 2019.
The age pension adjustment in March 2019 was 1.1%.

On a sign outside a museum in Dublin:
"Nosey-**Parkers welcome".**

Membership Officer Report

What a year we are having! Approximately 180 SCOA members have transferred to our SA Superannuants Association, boosting our membership. Welcome to you all.

I apologise for the late response to those SCOA members who tried to join during July to September. My answering machine was not recording messages. We did not expect an additional 30 applications either. I hope you have all settled down now with your receipts and letters of welcome. If not get in touch with me by email: pmjahn@bigpond.com. The home phone answering service is supposed to work now.

With the influx of SCOA ex-members, our total membership is now over 1560 people.

Now for the important matter of annual renewals!

The time is coming for 290 of our annual members to step up and renew their membership beyond 31/12/2019. Get your renewals in before the end of this year to ensure continuation of membership. Paying now saves the Association the cost of sending out reminders, and lots extra work. Our "reinvigorated" committee needs your encouragement, which they will feel when you renew promptly. So, how about sending me a cheque or bank transaction **now**? If you can manage two or more years, all the better.

Max Jahn

Join the Qantas Club

Use the SA Superannuants Qantas Club Scheme.
As a member of SA Superannuants, you can join or renew your Club membership through SA Superannuants at a discount. In addition to saving on the joining and annual membership fees, as a Qantas Club member, you will have access to many special benefits.

For more information see:
http://www.sasuperannuants.org.au/index.php?id=105
or contact the Coordinator, Alan Raftery,
at qantasclub73@gmail.com
or phone 0408 850 535

Found by one of our retired politicians, written on the back of a toilet door:

"The future is not a place we are going to,
but one we are creating.
The paths to it are not found but created."

Our Rejuvenated Committee

It is not often that we get new Executive Committee members but three at once, plus the return of a previous long standing committee member, Ray Hickman, has to be a first. So here is a little bit of background about each of them.

Barry Grear AO, JP.
(bottom, far right)
Barry has been an outstanding South Australian for many years and on Australia Day, 2001, he was made an Officer of the Order of Australia for services to the engineering profession, particularly through the Institution of Engineers Australia and in the area of education, and to the community through sporting, church and emergency services organisation. Barry's engineering career included being President of the South Australian and National Institution of Engineers organisations and finally President of the World Federation of Engineering Organisations 2007 - 09.

At retirement from the South Australian Public Service, Barry was the General Manager of the Planning Division of the Department of Housing Development.

James Vandenberg.
(bottom, between President Peter & Barry)
James' working career for almost 40 years was with the PMG/Australia Post. As rewarding and challenging as that was, he worked out early in his career that what makes our society better is the amount of work that volunteers do to add value. For his part, as a member of Jaycees, Lions and Rotary over the years, he was active at many levels. For some hands-on involvement over recent years he undertook volunteer roles with major events, including the Commonwealth Games, The Police and Fire Games, International Beach Volleyball and Seniors Games. James was State President with SCOA (Superannuated Commonwealth Officers Association), serving on the national committee for the last decade or so until its closure on 30 June 2019.

Alan Raftery.
(bottom, first left)
Alan has a Bachelor of Economics degree and a Post Graduate Diploma in Accounting. He has had a wide and varied career in the Commonwealth Public Service including extensive auditing experience. He was an External Auditor in a Chartered Accounting Office, an Internal Auditor of Telecom and Internal Auditor, Finance Officer, Budgets Manager and conducted training programs in software in both the Social Security and Centrelink Departments.

Alan has also been active in a variety of other things as well. He was Treasurer of a Table Tennis Association when it built a stadium with 14 permanent tables. He has conducted private audits and has written a computer program analysing CSS pensions and comparing this to the PSS. He has closely studied the Commonwealth Superannuation Act and regulations. In his spare time he has qualified for an Advanced Amateur Radio Licence issued by the ACMA.

Barry has already accepted the role of Acting Secretary, James is our new Communications and Media Officer, and Alan brings into SA Superannuants the Qantas Club of which he was the founder. *Peter Fleming*

SA Boundaries and Priorities

Over the last 12 months one of your committee's priorities has been to broaden and increase our membership. Until recently all our members came from the State pension scheme which was closed to new members in 1986. By early next year we should know whether or not we have had some success, including gaining members from the closed lump sum scheme and the current Triple S scheme. An unexpected but welcome increase in membership came with the closure of the Salaried Commonwealth Officers Association (SCOA) and the change in our constitution to open membership to them. So far some 200 have applied and been accepted. We believe that we are now the largest organisation for retired public servants in Australia.

In these circumstances it is timely to look at the boundaries and priorities of what we do and whether or not we need to make any adjustments. Our constitution is the main boundary; however, it is sensibly a flexible document providing considerable scope for action. Hence there is a need for setting priorities.

One very important boundary is that we are a voluntary organisation, operating without any paid employees. Our Executive Committee is made up of volunteers and rarely contains all the expertise that we need. Our finances are modest and this is another boundary. Therefore, in choosing our priorities we need to take account of the financial and human resources available to us. That may include supplementing committee expertise with expertise which lies within the general membership to cover particular functions or provide specialist advice.

We formed a small working group from our committee and the following matters reflect the content of that group's discussions and some of the conclusions it reached. We all agreed that certain of our activities have proved over time to be important: our newsletters, general meetings, guest speakers, website, our regular interaction with State and Commonwealth Ministers and MPs on matters of priority to our members and promotion of our Association to attract new members. We believe that we can improve our website as more and more of our members use the internet. Indeed, an updating of our website is underway and we hope that will be completed by the end of this year. We need to improve our member data base and that may be a priority task for next year. We agreed that we need to make sure that our finances are always sufficient to meet our priorities.

We need to advise Triple S members of activities that we undertake that will be of benefit to them. We need to identify more precisely these activities and communicate them to Triple S contributors before they retire.

We know that we have much in common with our new members from the Commonwealth Public Service. We now need to ensure that these new members become familiar with our activities and that our organisational structure provides for needs unique to them. Already we have invited on to our committee two former SCOA committee members and may add a third before the end of this year. We are currently examining the merits of establishing a standing sub-committee for them.

Finally, we know that there are many government services for retired people, including our members. We agreed that from time to time we need to take a strong interest in such matters. However, given the constraints mentioned at the beginning of this article we also agreed that we must avoid duplicating the work of other organisations with a similar interest such as COTA. Often our action needs to be confined to supporting a larger organisation taking up the matter of concern to us.

Our priority should always be those matters which are special to our retirement arrangements. Our investigations to date suggest that being in receipt of a government superannuation pension is not a disadvantage in respect of most State and Commonwealth services provided to retired people. However, we must always be on the alert to ensure that this situation does not change to our disadvantage. The coming review of retirement arrangements that the Commonwealth Government plans for the Productivity Commission to undertake is just such an occasion.

Peter Fleming

Seen on the back window of a van:

**“BLINKY
THING
MEANS
TURNING”.**

Tells a story?

Recent tax & Deeming Rates changes

As reported in the last issue of *The Superannuant both* major parties went to the May election with policies that were going to increase the Low and Middle Income Tax Offset (LMITO). Even though the enabling legislation was not passed until after the end of the 2018/19 financial year it is now in place and will reduce tax payable on income for 2018/19. Since the election the Government has also announced reductions in the age pension deeming rates.

Both these changes will be beneficial for a significant proportion of the Association's members receiving lifetime, defined benefit pensions paid by either Super SA or ComSuper.

A person with one of these pensions will gain from the LMITO change as long as he/she would have been a net taxpayer in 2018/19. However, the LMITO is, like most tax offsets, non-refundable and once tax payable has reduced to zero any of the offset that remains cannot be used. Many retirees aged over 60 do not pay tax and will not gain from this change.

Table 1 displays the maximum effect, over a range of total taxable income values, that the new LMITO will have on net incomes of taxpayers for 2018/19.

Table 1. Tax reductions from LMITO

Total taxable income $p.a.	Maximum tax reduction
<$37,000	$255
$40,000	$480
$44,000	$780
$48,000	$1080
$60,000	$1080
$90,000	$1080
$100,000	$780
$120,000	$180
$126,000	$0

To benefit from the deeming rate changes people must be receiving an age pension payment made under the income test and have some financial assets in addition to their lifetime superannuation pensions.

An age pension payment amount is initially calculated using two tests –the income test and the asset test. This usually gives two different amounts and the amount paid is the lesser one. Deeming rates only influence the amount determined under the income test and so the changes that have been made to deeming rates will not alter an age pension payment if it is being made under the asset test.

Tables 2 and 3 display the effect that the new deeming rates will have, over a range of deemable asset amounts, for couples and singles that are income tested. It can be seen from the tables that the additional age pension amount is determined solely by the amount of deemable assets held and is not affected by the defined benefit pension value. Of course, when the defined benefit pension amount is greater the total age pension being paid will be smaller.

Table 2. The new deeming rates and age pension increases for couples

Lifetime super pension ($p.a.)	Deemable assets ($)	Age pension increase/total age pension ($ p.a.)
30,000	100,000	341/24,667
30,000	200,000	466/23,167
30,000	300,000	591/21,667
60,000	100,000	341/9,667
60,000	200,000	466/8,167
60,000	300,000	591/6,667

Table 3. The new deeming rates and age pension increases for singles

Lifetime super pension ($p.a.)	Deemable assets ($)	Age pension increase/total age pension ($ p.a.)
20,000	100,000	255/15,361
20,000	200,000	380/13,861
20,000	300,000	505/12,361
40,000	100,000	255/5,361
40,000	200,000	380/3,861
40,000	300,000	505/2,361

The figures in the three tables have been calculated by the writer and checked by using two independent calculators located online at:

https://resources.xtendaccounting.com.au/calculators/lmito/ or

https://www.noelwhittaker.com.au/resources/calculators/deeming-calculator/

Ray Hickman

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.*

Funds SA Manage our Super Funds

Funds SA is the business name of Superannuation Funds Management Corporation of South Australia. It is the legislated organisation that invests over $34 billion on behalf of its clients – South Australia's public sector superannuation funds and approved authorities.

Funds SA's role is to manage the monies of the State's Public Sector Superannuation Funds including the defined benefit liability assets and Triple S schemes along with other insurance and long horizon assets. We manage $34 billion (as at 30 June 2019) of which 93% or $32 billion represents the funds of the schemes administered by Super SA and Police Super.

Funds SA's operational structure enables portfolios to be tailored to client needs.

Asset class funds (e.g. cash, fixed interest, property, Australian shares etc.) are the building blocks for client portfolios and the source of economies of scale. Funds SA can establish tailored portfolios for its clients by straightforward combination of these asset classes.

In this regard, Funds SA has established a separate strategy for the defined benefit liability assets to meet the 2034 funding objective. The defined benefit strategy holds a well-diversified mix of assets weighted towards shares and unlisted assets such as property, private equity and infrastructure which help lessen the impact of financial market gyrations and deliver a smoother return profile.

Similarly, the Triple S suite of investment options utilises the same building blocks to establish a range of strategies that span the risk return spectrum, all structured to meet Super SA's desired investment characteristics for these options.

In accordance with Funds SA's legislation, each year the investment strategies of all client funds are reviewed in consultation with clients, key stakeholders and Funds SA's investment adviser and endorsed by the Funds SA Board, client boards and the Treasurer.

Franking credits and share buy-backs
The majority of schemes Funds SA invests money on behalf of (including the defined benefit strategy and Triple S accumulation scheme) are constitutionally protected schemes and do not receive the benefit of franking credits or the benefits arising from participation in share buy-backs.

The Super SA Flexible Rollover Product, Income Stream and the Transition to Retirement Income Stream options are able to take advantage of franking credits and share buy-backs.

Given these differences, the asset allocation of client strategies varies depending on whether a particular scheme is able to benefit from franking credits or participate in share buy-backs. If a scheme is able to benefit from these arrangements, then the allocation to Australian shares is higher. For example, for the Triple S High Growth accumulation option (which is not able to benefit from franking credits or participate in share buy-backs) the target allocation to Australian shares is 24% and for the Flexible Rollover Product (which is able to benefit from franking credits and participate in share buy-backs) the target allocation to Australian shares is 27%. *Jane Dharam, Manager, Client Strategies and Products*

Brief Newsletter Co-ordinator Report

Quite a few articles in this edition require some time and concentration in order to be fully absorbed. Look at the Website too.

We are working on a booklet, "Before, During and After Bereavement".

We welcome articles from members and Letters to the Editor. Be sure to use "Word" format.

In a Lighter Vein

Why do we elderly people put up with being patronised in shops?
A particular hate of mine is, when shopping, the sales woman calling me, "Luv", spelt "Love", no doubt thinking it is a term of endearment, friendliness, or affection. Of course it is none of those. At best it is ignorance. At worst it is a slur on aged people. Strangely, salesmen seem never to use this term.

All sales people receive some training, however little, but I perceive greeting customers is never considered important enough. Perhaps staff soon forget the importance of greeting customers respectfully.

The universal, polite, respectful terms are simply, "Sir" or "Madam", which are just as easy to say, but have no possible chance of being taken the wrong way. What to do about it?

If we don't all take a stand, it will continue, and we will deserve being thus treated in this patronising way. If you don't mind these terms, don't read this article any further, but be prepared, if you use them, for some confrontational replies from the rest of us.

It is easy to respond sarcastically or rudely, but that is rarely useful, and certainly not kind. I suggest we take the terms literally, and respond in a harmless, humorous, but pointed way.

If you don't want to be humorous, one way to respond is simply to say, "I don't like being referred to in that way, but would like to be called, 'Sir' or 'Madam'", and insist on it for the rest of the conversation.
You could even say; "I'm not your Lover. 'Sir' or 'Madam' will do fine thank you", or, "I beg your pardon! Please call me, 'Sir' or 'Madam', and keep insisting.

On the other hand, it is an opportunity to be humorous. For instance, when being referred to as "Luv", respond by saying things like;
"Are you proposing to me darling?"
"I didn't know you cared, my sweet heart."
"I'm free tonight, honey bunch. How about it?"
"What time do you finish work pet?"

If one wants to be really confrontational, call for the manager, and ask if the staff has received training in greeting people. Pursue the importance of creating a conducive atmosphere, with staff treating all customers with good manners and doing nothing that might lower the dignity of any customer. You may or may not choose to point out the staff member, but make sure the Manager knows exactly what happened that annoyed you.

Management will never know how many customers are turned away by unintentional rudeness of staff, but it certainly happens. Do you go back to a shop where the salesperson was anything but polite? Of course you don't! Furthermore, you tell your friends of your poor treatment and you name the store.

There are other patronising titles that are used, but "Luv" is by far the most common. It can be part of a staff training course to identify others.

Max Jahn

Joining & Renewing

Fees And How to Pay

Current Fees:

Annual Member: $15, partner = $5.

Life Member:

age under 60 = $270,
60-65 = $220,
66-70 = $160,
over 70 = $130.
Partner = $50.

***Receipts** will be sent for Life Memberships. Please include a stamped self-addressed envelope for others.*

a) Paying by cheque or money order

Please send your postal payment to:

Membership Officer
S.A. Superannuants
P.O. Box 348
Modbury North SA 5092

Email: pmjahn@bigpond.com

b) Bank transfers & personal deposits

*Please make sure that the payment is accompanied by your name and suburb, **and** please notify the membership officer of its date and sufficient details to identify you as the payer:*

Bank SA: BSB 105-900
Account number: 950313840

Account name: SA Superannuants

c) New members

When paying by one of these methods, please 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 for new members to join, and existing members to renew their annual membership, convert to a life membership or notify a change of address.*

Member Details & Payments

Existing Members
Our records show your details as:

Please indicate errors or changes:
....

....

New Members Title .... Gender ....
First Name Last name
____

Postal Address ____________________________

____

Year of Birth ....

Home phone ....

Mobile phone ....

New *and* Renewing Members
Payment Amount $.....................
Purpose of payment (tick relevant box)
- ☐ Renew annual membership ($15 p.a.)
- ☐ Life membership (see scale page 7)
- ☐ Change Annual to Life (see page 7)
- ☐ Partner annual membership ($5 p.a.)
- ☐ Partner life membership ($50)

Newsletter by **post** ☐ **email** ☐
Email address

...................................@.....................................

Signature.................................. Date..................