Issue 60 **February 2021**

THE SUPERANNUANT

Newsletter of the South Australian Government Superannuated Employees Association Inc.
Trading as S.A. Superannuants. Established 1927 https://www.sasuperannuants.org.au/

Membership Applications/Renewals (e-mail preferred during COVID-19)

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(08) 85226885. E-mail: pmjahn@bigpond.com

General Correspondence (e-mail preferred during COVID-19)

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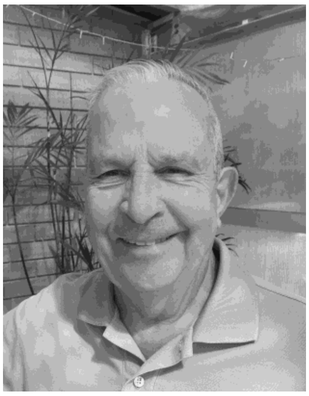
From the Acting President

In the couple of years I have been involved with SA Superannuants what has stood out to me is the depth of experience we have in your committee members, and their willingness to take on extra tasks that don't necessarily fall under their given roles. Each of them has volunteered to take on a job on the committee and generously give their time and expertise to ensure the efficient functioning of your organisation. The small honorariums paid at the end of each year are clearly not in place to compensate for their time but to record appreciation for a job well done.



As good as the current committee is, we do need members to step up to take on a role so that others can look at stepping away from the committee or to a change in their allocated tasks. We are off to a good start with Lindsay Oxlad who has nominated for the committee and will bring lots of experience to the committee. Also, Ray Hickman is going to have to hand over the important job of preparing our regular Newsletters this year. So if someone taps you on the shoulder, please consider how you can accept the challenge by joining the committee.

Due to some health issues, Peter Fleming had to step away from his long-standing role as President, but luckily for us, he will continue as a regular on the committee. We wish Peter all the best and thank him sincerely for his significant contribution to SA Superannuants.

Our constitution says *"The objects of the Association shall be to deal with any matters affecting or likely to affect the welfare of its members."* Your committee does indeed deal with a wide range of matters in fulfilling those objects, some of which make it to the pages of the Newsletter while many others are noted in the minutes or in correspondence.

On your behalf committee members take part in regular meetings and communicate with organisations including the Australian Council of Public Service Retiree Organisations (ACPSRO), and the State Superannuation Federation. We are also in regular contact with the PSA, AEU, NMWF SA, and also with CSC (Commonwealth Super Corporation).

Due to Covid 19 restrictions we had to cancel our face to face committee and other regular meetings as well as our general meetings with members. While we have become proficient with online ZOOM meetings we have missed the social side of our general meetings with our entertaining Guest Speakers. It looks like being a while before we all get back to normal.

Of course Covid has impacted all of us one way or another. Looking around the world though, we have been incredibly lucky here in South Australia. Individually we have all spent a lot more time with those closest to us which is not a bad thing. To quote Nelson Mandela **"The world is truly round and seems to start and end with those we love"** *James Vandenberg*

In This Issue of *The Superannuant*

Annual General Meeting, 22/2/2021

The Annual General Meeting of the Association has been scheduled for 1 p.m. on 22/2/2021.

The venue is the Mead Hall of the Flinders Street Baptist Church at 65 Flinders Street Adelaide.

Agenda

1. Apologies
2. Minutes of the previous AGM
3. Annual reports
4. Proposed fee increases to apply after 22/2/2021:

Full members
Annual membership $20 (presently $15)
Life membership,
under 60 years $360 (presently $270)
60 to 65 years $290 (presently $220
66 to 70 years $210 (presently $160)
over 70 years $170 (presently $130)
Partners (no change) Annual membership $5
Life membership $50

5. Recommendations for Honorary Life Membership (Peter Fleming, Christine Venning, Max Jahn).

Guest Speaker: **Mac Benoy** will speak on the topic "**Sir Charles Todd and the Overland Telegraph Line**".

Special arrangements: Under the current SA government COVID-19 directions there is an attendance limit of 50 for Mead Hall, so you **if you intend coming to the meeting you must register.** Just contact me by phone or text (0401148751) or e-mail (brenton.pain@outlook.com.) I will keep a record of those who register and, in the event of more than 50 members registering, a list of additional people who will be notified should there be cancellations.

A COVID Safe plan has been prepared by the Association and the meeting will proceed in accord with that plan as well as the plan the Church has been required to develop for meetings in its Mead Hall. As members arrive they will be checked off on the list of those who have registered. Seating will meet the requirements of social distancing and hand sanitiser will be provided, and a clearly identified COVID Marshal will be present.

Brenton Pain, Secretary

Membership officer's report

Once again the end of a year has arrived. Whatever you think about 2020, can now be put behind us, and it is up to us to make 2021 work better.

Let's start with fees.

Membership fee increases are to be proposed at the AGM in February. Payment of fees is due before the expiry date, 31/12/2020, not in arrears. The sooner you get your dues in, the cheaper they are. Be cheeky and pay at present rates in advance.

Now for people.

Present figures are exciting: 1581 full members; 154 partner members. **However**, there are 286 annual members and 38 annual partner members whose memberships expire at the end of 2020. **We could lose up to 324 members** at the end of this year. Our membership has built up strongly with the inflow of Commonwealth Government ex-employees.

The future

With our new venue, many new members on our executive, and new equipment for our meetings, I am looking forward to a fresh start in 2021.

Max Jahn (Membership Officer)

Long-term financing of the Association

For the next 5 or so years the biggest threat to the Association is probably the difficulty of finding members to fill the Committee and carry out its major tasks. Our difficulties in this regard have been greatly alleviated by the influx of former SCOA members; three of our Committee members are ex-SCOA, and over 200 new members have swelled the Association's membership.

Our Association has approximately 1700 members, of whom 500 are annual members. In February 2021, a proposal will be made that the fee for annual membership increase to $20 and that membership for life fees increase proportionately, this means our income from annual fees will be roughly $10,000. Our expenditure is usually about $20,000, but has sometimes been as high $30,000, so this means that we must expect our currently healthy financial balance of about $127,000 to decrease by $10,000 to $15,000 p.a. The return on our term deposits is less than 1% pa so at present we have little income from these, and this is predicted to remain so for some years. We have a substantial block of Argo shares that is likely to provide a return significantly higher than that of term deposits, but this will only slow, not halt, the decline in our financial situation. I do not believe the Association could comfortably operate when our reserves fall below $25,000; when we reach that situation, we will have to act, either to wind up the Association, or to seriously reorganise its finances.

If we take no action apart from this coming February's fee increase, the Association can reasonably expect to exist for another 10 years.
Even with the proposed increase to $20 pa in 2021, the Association still offers excellent value for money; for comparison in its last year of operation SCOA's fee was $45. SCOA did not offer life membership.

The committee seeks feedback from members as to how the Association should proceed. Do you, the members, want us to carry on as we are at present? This probably means we will reach the point of having to undertake major restructuring in about 8 years.

Points for consideration include the following:

- The possibility of reducing expenditure. For example, how important is it for you to receive 3 Newsletters per year? How would you feel if this were reduced to 2?
- We could cease to offer life memberships. Though life memberships give us a welcome financial boost when they are taken out, they do give the Association a long-term obligation to give the member value for money by staying operational for some years. If life memberships ceased to be available from (say) 2022 then everyone who has taken out life membership would receive value for their fee paid.

We are giving you plenty of notice of the situation so that you are aware of the dangers and have a say in how we proceed. These matters will be discussed at the AGM.

Michael Evans (Treasurer)

Federal Budget, October 2020

The Federal Budget for the 2020/21 financial year was, due to impact of COVID-19 on Government finances, announced on 6 October rather than the usual earlier date in April or May.

Superannuation: there was nothing in the budget affecting superannuation of individual retirees. There were measures directed at improving accountability of Superannuation Trustees for the performance of their funds.

Income Tax: members of SA Superannuants are in the unusual position (for Australian retirees) of being affected by changes in income tax rates and thresholds. The budget included the provision of bringing forward changes to income tax thresholds. In particular, the threshold at which the tax rate increases from 19% to 32.5% is going to increase from $37,000 to $45,000 and the threshold for the tax rate of 37% will increase from $90,000 to $120,000.

This will assist recipients of South Australian and Commonwealth defined benefit pensions because the pensions are taxable income.

Anyone getting a Super SA, CSS or PSS pension, who would otherwise have paid tax in the 2020/21 year, is now going to pay less tax or, in some cases, no tax at all. This extra income began to flow to members in the fortnightly pensions paid during November, 2020.

Ray Hickman (Research and Information)

Residential care and land tax

When a person moves permanently into residential care this may leave vacant the home that he/she has owned and occupied prior to the move. If the home is not sold before the end of that same financial year, land tax becomes payable on the property.

The State Government agency responsible for Land Tax is **Revenue SA** and this agency has produced the document 'Land Tax exemption, waiver or relief'. In its reference to the situation described above this document states:

> While there are no legislative provisions which provide an exemption in these circumstances, it is considered unfair that the owner incurs a land tax liability due to the time taken to sell their previous home. An *ex gratia* payment to cover any land tax payable on the land for the first full financial year following their move into care may be provided by the State Government.

The document goes on to set out the procedure for obtaining the *ex gratia* payment.

The Association's website, on its 'Matters of Interest' page, provides a link to the 'Land tax exemption, waiver or release' document. For people enquiring about land tax contact details for **Revenue SA** are:

Telephone: (08) 82263750
e-mail: landtax@sa.gov.au
Post: GPO Box 1647 Adelaide SA 5001. *RH*

Good, but not better than the S.G.

There are two attributes commonly assigned to Super SA, CSS and PSS defined benefit pensions. These are:

- recipients of the pensions enjoy a tax advantage over other retirees because no contributions tax has been paid prior to commencement of the pensions; and
- the pensions are generous compared to the community standard of the Superannuation Guarantee (S.G.)

In this item a case is put that these attributes are mythical and not real. **In the writer's opinion, if the Super SA, CSS and PSS pension schemes were made an option for employees today most would opt to stay with the S.G.** Read on and decide for yourself.

Debunking the taxation myth: Super SA, CSS and PSS pensions all have in common that they require a personal contribution in order for the contributor to be eligible to receive a lifetime indexed pension. **The contribution must be made from after-tax income and cannot be made from pre-tax income (salary sacrifice).** While the superannuation office receiving the after-tax contribution (Super SA or ComSuper) does not pay contribution tax the person making the contribution certainly does. The earnings of the contributions made by CSS and PSS members are also subject to an earnings tax prior to retirement. In the case of Super SA pensions, tax is not collected on earnings before retirement, but should a person elect to receive these earnings as part of a lump sum, tax will have to be paid. If the earnings are not taken as a lump sum, tax is payable on the component of the pension that the earnings support.

The standard personal contribution rate for the Super SA pension is 6% of gross salary paid for 30 years. With current income tax rates and thresholds, 6% contribution from after-tax income will use up 9.18% of gross income. This will see 6% of salary going to support the contributor's retirement benefit in whatever form (pension or lump sum) it takes. **3.18% of salary goes to Federal tax revenue.**

The community standard for personal contributions is for them to be made from pre-tax income (salary sacrifice). If the Super SA pension recipient's contributions had been made from pre-tax income, then only 15% contribution tax would have been payable on 9.18% of gross income. This would see the person's superannuation account receive 7.8% of gross salary and **Federal tax revenue would receive 1.38%. Less than half as much as it received from the after-tax contributions!**

Debunking the 'generous compared to the community standard' myth: the common form of a retirement benefit is the allocated, or account-based pension. It is paid from an account that is established with the lump sum accumulated from the S.G. and any personal contributions. It has the disadvantage, compared to a Super SA, CSS or PSS pension, that it can run out before a person dies. On the other hand, it has the advantage that if it does not run out the remaining account balance is paid into the account holder's estate. Super SA, CSS and PSS pensions have little, if any, estate value. This makes it useful to compare the lump sum that a person can get from the South Australian State Pension Scheme with the lump sum that the S.G., plus personal contributions, would provide.

The maximum Super SA pension value is 75% of salary and a person would have to be 65 to get a pension this large. For a few months after commencement, a Super SA pension can be converted to a lump sum using an age-related commutation factor. The commutation factor for age 65 is 9.5. So, the maximum lump sum a person can collect from the South Australian pension scheme is 9.5 x 0.75 = 7.13 times salary at retirement. The tax payable on this lump sum will reduce it to less than 7 times final salary.

In the table below the maximum lump sum available from the State Pension scheme is displayed along with that which would accumulate from 9.18% of gross income salary-sacrificed for 30 years, plus the 9.5% S.G. paid for 40 years. The assumptions are:

- earning rate after tax and fees is 5% p.a.
- initial salary is $68,000 p.a. increasing at 2% p.a. for 40 years
- for the last 10 years no personal contributions are made.

The figures in the Table were calculated using the writer's own calculator and compared with values provided by an online calculator at: https://www.noelwhittaker.com.au/resources/calculators/ The results from the two calculators were similar with the online calculator giving values that are a bit higher.

Table: Account balances, as multiples of final salary, at 30 and 40 years

	9.18% personal contributions paid for 30 years	9.5% S.G. contributions paid for 40 years
30 yrs	3.8	3.9
40 yrs	5.0	6.2
Combined account balance after 40 yrs. 5.0 + 6.2 = 11.2 times final salary		
Maximum lump sum from a Super SA pension <7 times final salary		

Clearly, as far as lump sums go, the South Australian pension scheme is inferior to the S.G. **This is said in a matter of fact way and not to suggest that anyone should regret having their Super SA, CSS or PSS pension.**

These schemes closed years ago and mostly before the S.G. reached its present level. All of us getting the pensions today are better off than would be the case had we not joined our scheme. But the writer encourages members to question any claim that we are better off than younger people in the work force today will be, when they retire, provided those people have made the same personal contributions on top of the S.G.

The great strength of the Super SA, CSS and PSS schemes is the security of the income streams they provide, along with simplicity, once payment has commenced. The schemes also provide pensions in the circumstances of invalidity and retrenchment No accumulation scheme can match this. *RH*

Survey on a possible name change

2020 saw a drive to encourage members to provide us with their e-mail addresses. 758 members answered the call. This put them in the box seat for not only access to the Member's Portal on our web site but also the opportunity to provide the committee with valuable feedback. Until this year the only way a member could provide an opinion or suggestion was through "snail mail" or by attending a General Meeting.

Late in 2020 we conducted an online survey of member's opinions regarding a name change for the association. We had represented ourselves for more than 30 years as: **South Australian Government Superannuated Employees Association (SAGSEA) Trading as SA Superannuants.** Recently our constitution was amended and a significant number of Commonwealth retirees have joined us due to the closure of the organisation that previously represented them. This strengthened us considerably. Super SA pension members on the Committee suggested that the time had come to consider a name that emphasised what members had in common, rather than a name that reflected only our South Australian origin.

258 members (16% of total membership) completed the very simple on line survey and 91% were in favour of a name change. The survey listed a number of choices for consideration and the return was:

- Association of Superannuant Taxpayers (AST) 19.8%
- Australian Taxpaying Superannuants Association (ATSA) 20.2%
- Taxpaying Superannuants Association (TPSA) 7.4%
- Public Service Superannuants Australia (PSSA) 24.8%
- Association of Public Sector Superannuants (APSS) 26.4%

In addition, 85 members took the opportunity to comment or make their own suggestions.

There is an opportunity for people unable to respond to this first online survey to do so via Australia post. **Guidance in doing so is provided on page 7.** These responses will be collated with those received online.

Then the task will be for the committee to make decisions about:

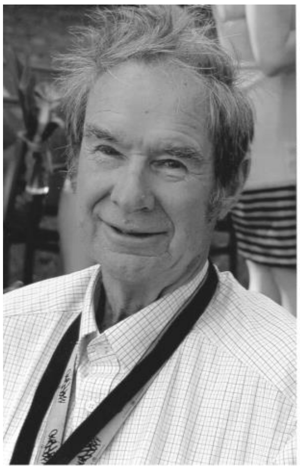
- whether to proceed with a name change and, if so, what the new name will be;
- The feasibility of surveying members via Australia Post as well as online

A second online survey was begun in early January to seek member's guidance for the committee as to the directions they should be moving in their lobbying role. Additional background to the survey was provided on the web site and can be seen at: https://www.sasuperannuants.org.au/wp-content/uploads/2021/01/Background-for-survey-2.pdf

Members are encouraged to provide their e-mail address to us so that they are able to fully access the functions of the association. Also if a change is made to the address then we should be advised so that we can keep in contact with you.

Peter Frick Web Site Manager

Vale Clive Brooks (04/01/1941-14/11/2020)



Clive and his younger brother Timothy (Tim) were born into a family of prominent South Australian pastoralists who owned Buckland Park just north of Adelaide. After early schooling, by correspondence, Clive and Tim were sent to St Peters College as boarders. After completing leaving honours, he left the "Spartan" environment of Saints for St Marks College and the University of Adelaide to study law. He completed his degree and, after a few years in small law firms, interspersed with some travelling, he gained a position in the South Australian Crown Law Department. Clive remained with Crown Law for more than 30 years retiring as a Senior Crown Solicitor.

In private life Clive was quite an adventurer. He obtained his pilot's licence, at a relatively young age, so he could fly himself to and from one of his law firm's branch offices. Clive married Jane Cowan. Clive and Jane became keen walkers after Clive retired. They travelled to many places in Australia and New Zealand to go on certain walking trails. They had a long and happy marriage bringing up twins, a boy and a girl. Clive had the pleasure of greeting their only grandchild before he passed on.

On retirement Clive commenced volunteer work with Radio Adelaide (formerly 5UV), the University of Adelaide and SA Superannuants

Soon after joining the Association committee Clive became involved in a number of quite challenging Association matters. These often had the potential to affect the welfare of all members. One example was a set of quite unacceptable rules proposed for splitting of pensions in the event of marriage breakdown. If these had gone through, members, and their former partners, would have been severely disadvantaged. The Association succeeded in having these rules replaced by others that were acceptable.

Another matter in which Clive played a major role was the Association's questioning of the validity of reductions made to Electricity Industry Superannuation Scheme pensions in 2002. These occurred due to that scheme's change in taxation status. Clive applied his legal expertise to the requirements of State and Federal legislation governing such a change. As a result, both major parties in South Australia now know that the Association has a good understanding of this issue. This has put it in a sound position to defend the interests of pension scheme members in any move made to change the taxation status of the State pension scheme.

Clive's quirky and eccentric personality belied the man of sharp intellect and strong principles; characteristics that served SA Superannuants well over many years. We have sorely missed his intellect, experience and commitment coloured with his unique sense of humour.

Peter Fleming and Ray Hickman for the Executive Committee

Survey participation via Australia Post

We have represented ourselves for more than 30 years as: **South Australian Government Superannuated Employees Association (SAGSEA) Trading as SA Superannuants.**

Recently our constitution has been amended and more than 200 Commonwealth retirees have joined us due to the closure of the organisation that previously represented them. This has strengthened us considerably. Super SA pension members on the Committee have suggested that the time has come to consider a name that emphasises what members have in common, rather than a name that reflects our South Australian origin.

Members who were not able to participate in the online survey can do so using the form below. Fill it in, cut it out and post it, **without a stamp** in an envelope addressed as follows:

SA Superannuants
Reply Paid 85714
6 Koonunga Avenue
Rostrevor SA 5073

Last day for receipt is 1/3/2021

Do you support consideration being given to a name for the Association that highlights what makes us different from other retirees rather than a name which continues to emphasise our South Australian origin?

☐ Yes ☐ No

Which of these suggestions do you prefer?

☐ Association of Superannuant Taxpayers (AST)

☐ Taxpaying Superannuants Association (TPSA)

☐ Public Service Superannuants Australia (PSSA)

☐ Association of Public Sector Superannuants (APSS)

☐ Australian Taxpaying Superannuants Association (ATSA)

Please include any suggestions of your own or any comments

Joining & renewing

Fees and How to Pay

Please note! There is a proposal (pg 2) for fees to increase from 23/2/2021

Annual Member:
$15, partner = $5

Life Members:
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, notify a change of address and supply e-mail 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, previous page)
- ☐ Change Annual to Life (see previous page)
- ☐ Partner Annual membership ($5 p.a.)
- ☐ Partner life membership ($50)

Newsletter by **post** ☐ **email** ☐

Email address
………………………..@....................................

Signature…………………………..Date………

Joining & renewing online
If you receive *The Superannuant* by downloading a digital copy from the Association website you can click on the link below in that digital copy to open the relevant page of the website. Choose **online: New Members**, or **online: Renewing Members** as appropriate.

https://www.sasuperannuants.org.au/how-to-join/

If you receive your newsletter by post you can type the link into your browser to go directly to the 'How-to-Join' page.

CPI Change: CSS and PSS pensions, which are indexed to the average CPI changes for the 8 Australian capital cities, did not increase in January. This is because the net effect of CPI changes for the June 2020 and September 2020 quarters was negative (-0.3%).

Super SA pensions are indexed to the Adelaide CPI. There was no pension increase in October 2020 because the Adelaide CPI had reduced in the January 2020-June 2020 period. There was a CPI increase for June 2020-December 2020 interval and this increase, combined with the earlier decrease, will determine what happens with pensions in April, 2021. This is an unusual circumstance and the Association will look carefully at how it is dealt with for both South Australian and Commonwealth pensions. *RH*

Committee positions for 2021
Nominations received are as listed below.

President: JamesVandenberg
Vice-President: no nomination
Secretary: Brenton Pain
Treasurer: Michael Evans
Membership Officer: Max Jahn
Assistant Secretary: no nomination
Guest Speaker Co-coordinator: Ian Beckingham
Committee member (6 positions): Alan Raftery, Ray Hickman, Barry Grear, Lindsay Oxlad, Keren Wicks, Peter Fleming