South Australian Government Superannuated Employees Association Inc. *Trading as:*

S.A. Superannuants Newsletter

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From the President

The Association had a minor success last year. Twice-yearly pension adjustments will replace annual adjustments from April. The April adjustment is expected to be 1.11%.

Issues that we are continuing to pursue include:

- The merit of incorporating a wages mechanism into the indexation process, similar to the age pension.
- The merit of seeking pension sacrifice arrangements. This is a federal issue which we are pursuing through our affiliation with the Australian Council of Public Sector Retiree Organisations (ACPSRO).
- Options that might enable contributing members to *voluntarily elect* to forego part of their pension to increase the pension received by a surviving spouse.
- Whether the untaxed status of the Pension Scheme is a disadvantage, as members are unable to claim the 15% tax rebate available to members of taxed schemes.

I am pleased that the committee has taken an interest in the Super SA financial reports. As President of the Association and as a member of the Board I endorse efforts to refine the standard of reporting to members of the Scheme.

The cooperation of the Super SA office in promoting activities of the Association is gratefully acknowledged. I must also thank the SA Superannuants committee for their sterling efforts.

In the past I have written the newsletters distributed by the Association. To lighten my workload as President, another committee member, Ray Hickman, has written this issue and you may detect a change in style. I trust the articles will stimulate discussion and interest.

Frank Morony (President)

Annual General Meeting

This will be held on Monday, February 25, 2002, commencing at 1 p.m. in the Pilgrim Centre, 12 Flinders Street, Adelaide.

Agenda

1. Apologies
2. Minutes of the Previous AGM
3. Annual Reports
   President
   Treasurer
4. Subscription Fee (no increase proposed)

5. Rule Change

Rule 7.(2) currently reads:

Separate rates shall be set for annual membership and life membership.

It is proposed that the following sentence be added to this rule:

In the event of the death of a member who has paid an annual or life membership fee the corresponding membership rights shall pass to that person's surviving spouse

6. Election of Officers and Committee for 2002

All Officer and Committee positions fall vacant at the AGM. Some incumbent members will not be renominating and all members should consider nominating for a position on the incoming Committee.

Meeting Program February-August 2002

Venue: The Pilgrim Centre, 12 Flinders St Adelaide
1 p.m-2.30 p.m

February 25: Franco Moretti, Asia-Pacific Transport. The Darwin to Alice Springs railway.
March 25: John Duigan, Centrelink FIS
April 29: Dominique Schwartz, ABC newsreader. The Middle East.
May 27: John Hepworth, media political commentator.
June 24: Robert Martin, Commonwealth Department of Health and Aged Care.
July 29: Michael Rose, Macquarie Day Cutten.
August 26: Mr S. Tully, SA Electoral Commissioner. Conducting an Election-more than meets the eye.

Super SA Annual Reports

In the reports which it sends to members of all its superannuation schemes the Board of Super SA does not provide a comparison of finances for the current year with those of the previous year.

The tables below contain the Financial Position and Operating Statement information which has been presented separately in the 2000 and 2001 reports to members of the Pension Scheme:

Financial Position

	2,001	2,000
Assets		
	$'000	$'000
Investments	2,947,934	2,921,271
Other	15,815	128,166
Liabilities	27,011	31,651
Net Assets	2,936,738	3,017,786
Liability for Accrued Benefits		
Member Benefits	6,503,600	6,785,600
Excess of Liabilities over Assets	3,566,862	3,767,814

Operating Statement

	2,001	2,000
Revenue		
	$'000	$'000
Investment	95,078	484,858
Member Contributions	44,674	45,177
Employer Contributions	119,377	369,892
Roll-overs	6,591	110,883
Other	68,067	64,432
Expenditure		
Benefits	128,813	762,513
Administration	4,022	3,698
Benefit Accrued	200,952	309,031

It would be a simple matter to issue reports to members in which the figures for both years are presented together. Those of you who are shareholders of publicly listed companies will be aware that presentation of current year and previous year figures alongside one another is the norm for abridged accounts reported directly to shareholders each year. Where unusual variations occur these are the subject of specific notes included in the report. This is also the norm for superannuation funds.

Remuneration of Board Members

The table in the next column contains the information which is now available from the Board's Annual Report to the Parliament but not within the Annual Report sent to members of any of the Super SA schemes.

	Number of Members		
Total Fees	**2001-2002**	**2000-2001**	**1999-2000**
$0-$10000	2	5	5
$10000-$20000	2	1	0
$20000-$30000	1	N/A	N/A

In the interests of transparency the full details of Board Members' remuneration should be provided in the reports sent directly to members just as is the case with director's fees in the annual reports sent to company shareholders.

Readers Please Note: the following two items consider matters related to pension commutation but must not be taken to imply that SA Superannuants recommends commutation. The items simply present information which could be relevant to a person's decision to commute part or all of their pension. Any commutation decision should only be taken after a person has obtained up-to-date advice from a licensed financial adviser.

Centrelink and Superannuation

In the May, 2001 budget statement the Treasurer announced that, for people aged between 55 and 65 years, lump sum superannuation assets would be exempt from the Centrelink assets test, and that withdrawals from these lump sums would be exempt from the Centrelink income test.

The effect of these changes appears to be that a person collecting a lump sum benefit now has the option of delaying conversion of that lump sum into an income stream until age 65. Until then the superannuation lump sum will not affect eligibility for a Centrelink benefit regardless of its size and regardless of the withdrawals made from it.

Surviving Spouse Benefits

A surviving spouse is entitled to a pension equal to two-thirds of the original pension. There is also an opportunity for the surviving spouse to commute this pension.

Commutation of a surviving spouse pension differs in two important ways from commutation of a contributor's pension:

- the commutation factor is smaller;
- the lump sum is tax-free (because it is a death benefit).

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Commutation factors for contributor and surviving spouse pensions are shown in the table below. Commutation factors are the number of dollars received for each dollar of annual income commuted. Commutation factors continue to decline after age 65.

Age	Commutation Factors	
	Contributor's Pension	Spouse Pension
50	N/A	11.5
55	11.5	11
60	10.5	9.75
65	9.5	8.5

The Adequacy of Spouse Pensions

Last year an approach was made to the Board of Super SA with a request for the Board to obtain actuarial advice on the feasibility of offering a contributor choices which would even out the value of the pension for the contributor and his/her spouse.

For example, the contributor could agree to accept an option under which the contributor and the spouse are both entitled to the same pension after the death of either one of them.

The pension payable after the death of either partner would be greater than the current value of a surviving spouse pension (two-thirds of the original pension) but less than the original pension. In this way the contributor is providing an increased benefit for his/her spouse by accepting a reduced benefit in the event of the spouse being the one who dies first.

The Board has declined to act on this request saying that it is a matter for the government. Consequently we have now made the same request directly to the State Treasurer.

Taxation Status of Super SA Pensions

At the suggestion of the State Treasurer a group from SA Superannuants has now met with the Government's Director of Superannuation to discuss the possibility of Super SA superannuants being given the option of receiving reduced pensions from a taxed source. Such pensions would qualify for a 15% tax rebate with the result that the after-tax value would be greater for people who currently pay relatively large amounts of tax.

Our belief is that these pensions can be made available at no cost to the Government and we know that other states have made them available to members of their pension schemes.

The advice which we received from the Director of Superannuation was that we needed to take into account the effects of the increased tax rebates now available at pension age. One of our Committee members, Ray Hickman, has carried out the necessary calculations. His results suggest that, compared to current pensions, rebatable pensions are even more efficient at delivering benefits after pension age than before (if the person is paying a relatively large amount of tax). However, Ray is not an expert and there is a clear obligation on our superannuation authorities to settle this issue now that we have raised it.

Our latest calculations have been sent to the Director of Superannuation with a request for another meeting. Discussions are proceeding on the basis that any change will be optional.

Superannuation and the Federal Election

Superannuation was not given much attention during the recent federal election campaign. The Labor Party promised an inquiry but nothing more. The government was a bit more adventurous and made some specific proposals. These included the following:

- Members of accumulation funds to be allowed to split both personal and employer contributions with their spouse. This proposal is to be implemented on July 1, 2003.
- Low income earners will, as of July 1, 2002, be eligible for a co-contribution of up to $1000 p.a. This maximum payment will be available to people earning up to $20,000 cutting out when income reaches $32,500.

SA Superannuants Website

It is now quite common for volunteer organisations to establish their own websites. We have decided to follow suit on a trial basis.

The SA Superannuants' website has been posted on the web and includes:

- the program of monthly meetings;
- information about the organisation;
- links to other relevant sites;
- e-mail addresses via which members can send (polite) suggestions to the committee.

The website address is:
www.homepages.ihug.com.au/~rhick/sagsea

WE WANT YOU (AND YOUR FRIENDS)

Membership is very important to our organisation - it provides us with the funds necessary to ensure that superannuation matters affecting the welfare of members are pursued with the Government and Superannuation authorities. Without your support we would not have had the resources needed to prepare for, and appear before, the March 2001, Senate Inquiry into Public Sector Superannuation held in Canberra. This has now led to twice-yearly indexation of our pensions. One small example of where your subscription funds go.

The committee hopes that you will continue with your membership of the organisation in 2002 and encourage your friends who are eligible to join to do so. Any person in receipt of a Super SA pension is eligible to join and this includes surviving spouses of deceased contributors. The more people that join SA Superannuants the more influential we will be.

Membership has increased steadily over the years. In 1996 we had 703 members, 1997 1053 members, 1998 saw this grow to 1359. Today, membership is over 1500, approximately 10% of retirees. Over the next few years we would like to see this proportion increase to at least 20%.

Apart from having members residing in every state of Australia, we also have members in the USA, the UK, Italy, France and Thailand. We often receive notes from these members saying how grateful they are for our Newsletters and how it helps them keep in touch with what is happening here.

Our Membership officer is John Reddaway who can be contacted at 7 Mead Street, Paradise, 5075 or telephone 8337 2425, or if you are on the Internet, email to: reddaway@iweb.net.au.

Subscription Fees

Life Membership		Annual Membership (January-December)
Age under 60	$120	$6
Age 60-65	$90	
Age over 65	$70	

Your category of membership is shown at the upper right of the address label on the envelope in which this newsletter was delivered. No payment is required of life members. Annual members should send $6.

✂ *Cut along the dashed lines and post*

John Reddaway
Treasurer
SA Superannuants
7 Mead Street
PARADISE SA 5075

Life members need only complete this section if notifying change of address. Membership enquiries may be directed to John Reddaway, tel. 8337 2425.

Renewal for 2002/ New Application/ Change of Address

Delete as necessary

Please find enclosed the amount of $......... as payment for

Life/Annual membership

(see fees table in the adjacent column)

Please Print all Details Below

SURNAME..

GIVEN NAME(S)...

ADDRESS..

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DATE OF BIRTH......./.......19/.......

TELEPHONE.......................

SIGNATURE...

The Outgoing Committee

Office Bearers		Committee
President	Frank Morony	Mike Duff
Vice-President	Vic Potticary	Maureen Goodwin
Secretary	John Carter	Ray Hickman
Asst. Secretary	Barbara Bray	Max Kernich
Treasurer, Membership, Public Officer	John Reddaway	Daphne Lerway
Auditor	Neville Smith (Crea &Co)	Don Prewett
Observer: Brian Hannaford		

About SA Superannuants

Our objectives are to:

- Keep members informed regarding superannuation and other financial matters.
- Watch over members' welfare in regard to superannuation.
- Represent the interests of members through various affiliations and consultative forums.
- Provide a stimulating and congenial meeting place for Super SA pensioners.