

“Remember! The first line on the envelope address shows your financial status”

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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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General Meetings

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

Speaker Program May-August, 2009

(Speakers and topics subject to change without notice)

May 25: Arthur Jeeves, Historian “*Explorations of Captain Sturt*”.

June 29: Ian Hildebrand, “*Library Services in South Australia*”

July 27: Colin Pitman, Salisbury Council
“*Saving the Last Drop*”

August 31: Neil Bray, South Australian Valuer-General
“*Residential Valuations*”

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 with expertise in the particular field.

Federal Budget 2009

Author’s Note: if what follows immediately below is not correct I will be going about with a very red face for quite a while. But I am confident it is correct and, that being so, it seems better to put it before members now rather than later.

The matter announced in the Federal Budget affecting the largest number of Super SA pension recipients is the intention to increase the income test taper rate for age pension entitlement from 40 cents in the dollar (0.40c/\$) to fifty cents in the dollar (0.50c/\$) from 20 September, 2009.

The way the taper rate works is as follows: there is an allowable amount of income after which age pension payment begins to reduce. Currently this is \$69 per week for a single pensioner and \$120 per week for a pensioner couple. As income exceeds the allowable amount, pension entitlement reduces at the taper rate. So the change from 0.40c/\$ to 0.50c/\$ will see those commencing an age pension on or after 20/9/2009 having their entitlement, calculated under the income test, reduced by 10 cents in the dollar (0.10c/\$) more than would be the case now. The effect is displayed in Table 1.

Table1: Reduction in age pension entitlement resulting from an increase in the income test taper rate for different amounts of a Super SA pension.

Super SA pension amount (\$ per week)	Age pension reduction amount (\$ per week)	
	Single person	Couple
50	0	0
100	3	0
200	13	8
400	33	28
800	73	68
1000	n/a	88

The increases in maximum payments for age pension recipients announced in the budget were: \$32.49 and \$10.14 per week for singles and couples respectively. From Table 1 we can tell that these gains will be eliminated by the taper rate change once a single person's Super SA pension reaches about \$400 p.w. and once a couple's pension reaches about \$220 p.w.

When a Super SA pension exceeds \$400 p.w. for a single person, or about \$220 p.w. for a couple, there will be a reduced age pension entitlement once the entitlement is calculated using the new taper rate. This will see many of our members, who are already receiving an age pension payment, getting payments more than the new taper rate allows. The Government proposes to deal with this situation via transitional arrangements that are far from clear. Existing entitlements will be maintained but it appears they will be indexed at a reduced rate until the value is overtaken by the lower payment resulting from the new taper rate.

For those who have not reached pension age by 20/9/2009 the situation is much clearer and much worse. Many who would qualify for the age pension now will no longer qualify. This is shown clearly by the figures in Table 2.

Table 2: cut-out incomes for the age pension

	Annual Income at which age pension entitlement is zero	
	Current	From 20/9/2009
Single person	\$41,015	\$38,693
Couple	\$68,497	\$59,228

A person reaching pension age after 20/9/2009, and who still qualifies for a part age pension, will, in many cases, receive significantly less than another person with the same superannuation pension who commenced an age pension earlier. For example, a couple with income of \$50,000 p.a. receives \$7,400 p.a. age pension now but a couple with the same income reaching pension age after 20/9/2009 will receive \$4,600 p.a. i.e. \$2,800 p.a. less. In this way, over the next four years, the Government expects to make savings of \$1.23 billion.

The Executive Committee wants to assure all members that the Association will be making every effort to have this proposed change to the income test modified or abandoned. We will not be alone here because, assuming the above analysis is correct, it will apply to all Australians

of age pension age who have their entitlement to age pension determined by the income test. This will include the large majority of defined benefit pension recipients in other states and at the Commonwealth level.

Age pension indexation: it is proposed to develop an additional measure of inflation to apply to retired people. This will be called the *Pensioner and Beneficiary Living Cost Index (PBLCI)*. Once it is available the age pension will be indexed to the better of the standard Consumer Price Index (CPI) and the PBLCI. The current practice of additional adjustments to ensure that age pension keeps up with wage increases will also be maintained.

Superannuation tax concessions: as predicted the amount of money that could be salary-sacrificed into super was reduced from \$50,000 p.a. to \$25,000 p.a.

Another widely predicted change was made to the superannuation co-contribution. This sees the Government making a means-tested contribution of up to \$1500 where a person has made a \$1,000 personal contribution from after-tax income. The maximum amount of the co-contribution has been temporarily reduced from \$1500 to \$1000.

There appear to be no changes to superannuation directly affecting defined benefit pensions. In particular the 10% tax offset applicable to untaxed source pensions, like ours, remains intact as does the tax-free status of taxed source pensions.

Commonwealth Seniors Health Card(CSHC): in the 2008 Budget the Government announced its intention to count income from taxed superannuation sources when determining eligibility for the CHSC. It has abandoned this intention in its 2009 Budget and income obtained from a taxed superannuation fund will continue to be ignored for CSHC purposes.

This is another matter that has received little coverage in the media and it seems likely that the Government has concluded it will not have the senate numbers to get its 2008 proposal through.

The budget made no mention of lifting the cutout points for eligibility for the CHSC. These remain at \$50,000 p.a. for a single person and \$80,000 p.a. for a couple. Except, of course, if the income is derived from a taxed superannuation fund in which case there is no cut-out point. RH

Surviving Spouse Pensions

The Association is seeking changes to the arrangements for the payment of the surviving spouse pension.

Currently, on the death of a pension scheme member, pension payments cease and, where there is a surviving spouse entitled to receive the reversionary pension, he/she must apply to begin to receive it. This can result in a period of no income for a surviving spouse.

Eventually every surviving spouse receives pension payments back-dated to the date of the partner's death but any period of delayed payment can add significantly to what is already a difficult situation for the survivor.

At a minimum the Association will be seeking the option for a couple, while both are still alive, to put in place the documentation needed to authorize immediate payment of the surviving spouse pension following the death of the contributor. *RH*

Tax Bonus Payments

The Federal Government's program of making tax bonus payments of up to \$900 to eligible people is now well underway.

Although this payment was initially described as a Tax bonus for working Australians the criterion for eligibility is entirely one of tax paid in the 2007/8 financial year. A retired person will be eligible if he/she has lodged a 2007/8 tax return by 30 June 2009, was a net taxpayer in 2007/8 and satisfies an income test.

To determine for certain whether you were a net taxpayer in 2007/8 you should look at your Australian Tax Office (ATO) assessment notice and carry out the following calculation:

Tax on Taxable Income (A) plus Medicare Levy (O) minus Tax Offsets and other Credits (G)

If the result of this calculation is an amount greater than \$0 then you were a net taxpayer in the 2007/8 year and, provided you meet the income requirements, you are eligible for a payment. If you are a net taxpayer who has not received a payment by 16 May, 2009 you should contact the tax office for an explanation.

If you have not yet lodged your tax return for 2007/8 and think you might be eligible for a payment then, if you want to receive it, you have until 30 June, 2009 to lodge your return. This is

one of the few situations in which it is advantageous to be a member of an untaxed, rather than a taxed, superannuation fund. *RH*

Federal Government Reviews

Australia's Future Tax System Review: the Association's interest in this review is the taxation of non-superannuation income for members of untaxed pension funds like ours. Currently our other income is added to our pension income and is taxed at a relatively high marginal rate. For members of taxed pension funds, aged over 60, any other income is taxed as if it was the only income. The Association has made submissions arguing for members of untaxed pension funds to also have their other income taxed separately from superannuation income. Initial submissions to the Review were called for in the period August-October, 2008.

The submissions received were used as the basis for consultation papers that became available in December, 2008. Further submissions were invited up until 1 May, 2009.

The Association made an initial submission to the review in 2008 and a follow-up submission in April, 2009. Both submissions are available on the Association website.

Members of the Review Panel attended a public meeting in Adelaide on 26 March and Association Committee members, Claire Withers, Michael Evans and Vic Potticary represented the Association at this meeting. Michael spoke to express the Association's concern about the Review Panel's apparent acceptance of a proposition that recipients of taxed source pensions have all pre-paid tax on their pensions at a rate of 15%. The implication is that this provides a fair basis for people receiving untaxed-source pensions (like ours) to have to pay more tax on any non-superannuation income.

In our written submission made soon after the meeting we set out detailed reasons for saying that the 15% assumption is inaccurate and misleading. We have asked the review panel to have the validity of the assumption assessed by an independent authority. Our sister organization in Tasmania has also made this request. Our submission included a protocol that could be used to allow for separate taxation of untaxed source pensions and any other income that untaxed

source pension recipients aged over 60 years might have.

Indexation of Commonwealth Super Pensions:

This review was scheduled for completion in the 2008 calendar year and as far as we know this was achieved. Presumably its recommendations are in the hands of the Government. Commonwealth retiree organizations are hopeful, but not confident, that the review will support a change from Consumer Price Indexation (CPI) to the same arrangement as applies to the age pension.

The age pension is indexed to the CPI but with an additional requirement that further increases are made to ensure that the annual increase is not less than that seen with wages. RH

Wanted- One President

There were no nominations for the position of President at the AGM and so the Association does not have a President for the time being. Vice-President Clive Brooks is chairing meetings and the Association is running effectively.

However, it is not a good look for the Association to be without a President and any member currently not on the Committee, but having some experience or interest in a Chairman’s role, is encouraged to join the Committee as an observer with a view to taking on the role of President next year.

It is important to realize that the essential role of the President is to Chair meetings. There is even some advantage in having as President, a person who restricts himself or herself to a Chairman’s role.

History Of The Pension Scheme

In 1986 the State Government announced the closure of the pension scheme to new members but people were allowed to join up until 1988 when a new lump sum scheme was introduced.

The new lump sum scheme had a relatively short life of seven years and it was closed to new members in 1995. The Table in the next column compares the number of people electing to join the pension scheme over the last seven years it was open with the number electing to join the lump sum scheme over the seven years of its life.

The Figures in the Table show that the lump sum scheme was far more attractive to public sector employees than was the pension scheme. In the seven years it was open the lump sum scheme attracted about three times as many new entrants (15,627) as did the pension scheme in the last seven years it was open (5,223).

The clearest demonstration of the fact that the pension scheme was not considered attractive when it was open is provided by the figures for 1986/87 and 1987/88. The Government had announced, in 1986, that the pension scheme would close with members having until 1988 to join. One might have expected to see a flood of applications to join. But the opposite happened, with the uptake into the pension scheme collapsing as people waited for the new scheme to become available. In the first year it was open the lump sum scheme recruited more members than the pension scheme had recruited in the previous three years.

Pension Scheme		Lump Sum Scheme	
Year	No. Joining	Year	No. Joining
1981/82	929	1988/89	2,084
1982/83	869	1989/90	2,147
1983/84	763	1990/91	2,478
1984/85	782	1991/92	2,246
1985/86	1,042	1992/93	2,685
1986/87	381	1993/94	2,147
1987/88	457	1994/95	1,840
Total	5,223	Total	15,627

Now, we all know that very few people today would exchange a membership of the pension scheme for membership of the lump sum scheme. In the next issue of *The Superannuant* the factors responsible for the low popularity of the pension scheme, when it was open, will be described together with the changes that have made it an excellent scheme to belong to in 2009. RH

New Investment Option

Members and/or spouses who have money in either the Southern State Superannuation (SSS) scheme or the Lump Sum scheme might be interested to know that Super SA is now providing a *Socially Responsible Investments* option for members.

Those interested should look on the Super SA website to see more details. RH

Audited Financial Statement 2008

This entire page of the Newsletter will be taken up by the Audited Financial Statement. See other attachment

Into The Future

Since the report in the January newsletter the Committee has been studying the recommendations made by the Planning Committee at each meeting.

So far the changes decided upon are:

Newsletter

- The newsletter has a name *The Superannuant*
- The committee is looking to change the layout to avoid having a single page insert (which is easily mislaid) as well as using a larger font.
- The Editor will welcome new members by name in the newsletter.
- The committee will actively encourage members to write in (snail mail/email) queries about superannuation.
- The newsletter will contain a précis of a talk given by a speaker in the preceding quarter.

Members

- The committee will send a letter of welcome to each new member and include information regarding current issues
- It is intended to encourage more members to be observers.
- Consideration is being given to increasing the number of age categories for “member for life” fees.

Meetings

- There is a three month trial for the cuppa of tea/coffee prior to the 1 pm start of the general meeting.
- The committee welcomes written queries about superannuation. Where we are able to provide a good quality reply the question and answer will be included in the next issue of *The Superannuant* (details regarding member identification will be omitted).
- The Vice President introduces new members.

Publicity

- Our brochure, included in the annual report sent out by SA Super, is being rewritten and professionally designed to make it more inviting to potential members.
- The committee will develop a logo for use in publicity leaflets, letterheads and the website.

Constitution

- The May meeting will look at changes to the constitution to make it more relevant.

Christine Venning, Assistant Secretary

Speaker's Corner

At the April meeting Christine Howard from the Commonwealth Bank Customer Service spoke briefly on the different types of cards – credit and debit, their pros and cons. In a nutshell debit cards need money in the account. Credit cards can provide a certain amount of protection if things go wrong with the retailer.

Then it was on for one and all. With professional ease Christine spent most of the hour fielding questions from members with good humour and expert knowledge.

However four points stood out.

- Be very careful with your PIN number. Keep it secure. Do not place it on your card.
- Do not let your card out of your sight and try to swipe it yourself in the card machine.
- Always check your statement. You do not have to wait for your financial institution to send you one. You can go online to check your statement regularly.
- If you buy goods online, have a credit card that is only used for these transactions and it contains a minimum balance. If someone somehow gets hold of your card details, you won't have your main account drained.

Christine Venning, Assistant Secretary

Membership Matters

Honorary Life Membership

At the 81st Annual General Meeting Honorary Life Membership was conferred on out-going President Dr. Ray Hickman for “recognition of the outstanding leadership he has provided and commitment with which he has served the Executive and Members of South Australian Government Superannuants”.

Vice-President Clive Brooks, in making the presentation, spoke highly of Ray's service to the Association over the past six years. Clive spoke of four achievements that Ray had accomplished during his term as President:

1. Qualified for and received a Diploma of Superannuation Management
2. His work with the Australian Council of Public Sector Retiree Organisations (ACPSRO).
3. His work on producing the Association's Newsletter and writing a constant stream of letters and submissions to Federal and State authorities.
4. His input to the S.A. Government Superannuation Federation on Bills, Acts and proposed Regulations.

The presentation was applauded by the 85 members present.

—Vic Potticary

Membership Statistics: Thirteen new members have joined this year and at May 2009 the Association had 1,713 members of whom 847 were annual members and 866 members for life. Our new members who have joined this year are:

Margaret Mortimer	Brian Ford
I J Beckingham	Neil Prosser
John Dayman	Helen Gottsh
Teresa McLaughlin	Paul Varcoe
Kevin Crawshaw	Doug Thompson
Stewart Martin	Rosalind Webb
Norman Coventry	

Unfinancial members: Of the annual members there were about 250 who had not paid their membership fee for 2009 at the time this newsletter was printed. This is a very similar situation to that applying at the same stage of last year.

In 2008 the “Fees Overdue” notice was sent out with the August Newsletter at which stage there were still about 160 annual members unfinancial. The large majority of these members continued their membership but this is untidiness in the Association’s affairs that the Committee wants to reduce. In future “Fees Overdue” notices will go out with the May/June Newsletter.

We know from experience that the “Paid to” date which is set out as the first line of the envelope address is not noticed by a significant fraction of members. Consequently this newsletter has a sticker attached to the newsletter itself to remind people whose fees are overdue. If your newsletter has one of these stickers attached this means that if you do not renew your membership now you will not receive another newsletter until you do renew. This procedure will be followed with future May/June newsletters.

Fee Payments Not Assignable: Two annual membership fees have been paid with no recognizable identification on the payments.

One payment was made by Bank Transfer with the only identifier provided being ‘Pcu’. The other payment was a money order for \$10, which arrived on its own in an envelope with no details of the sender on it. The money order itself was devoid of information about the person who had purchased it.

If you remember making your fee payment in one of these ways and your “Paid to” date on the envelope in which the newsletter arrived is one year less than you were expecting please contact the Membership Officer.

RH

2009 Executive Committee

President: Vacant

Vice-President: Clive Brooks

Secretary: Vic Potticary

Assistant Secretary: Christine Venning

Treasurer: Michael Evans

Membership: Ray Hickman

Guest Speaker Coordinator: Roger Tilmouth

Committee Members:

Arnuff Anders, Queenie Inshaw, Max Kernich,
Claire Withers

Fees and Their Payment

a) Fees: Annual=\$10. Member for Life: age under 60=\$200, age 60-65=\$160, over 65=\$110

b) 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

c) 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 who has made the payment.

Our Bank is **Bank SA** and other details are:
BSB 105-900

Account number 950313840

Account name SA Superannuants

d) 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

e) 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.

To apply for membership of the Association, or renew your existing annual membership, or convert annual membership to membership for life complete the form on page 8.

✂ Cut this half-page section off

Membership Applications/Renewals

Please provide at least your full name and address in the panel immediately below and then complete whichever of the other three panels applies to you.

Surname.....

Given Name.....

Address.....

.....

Telephone.....

e-mail.....

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

Renewal of Annual Membership

As my fee for renewal of annual membership

I have enclosed \$----- OR

I have made an electronic funds transfer of \$-----
to the Association Bank Account OR

I have made an in-person deposit of \$----- into
the Association bank account.

Changing Annual to Life Membership

I am an annual member of the Association
changing to membership for life.

My date of birth is

As my fee for membership for life

I have enclosed \$----- OR

I have made an electronic funds transfer of \$-----
to the Association Bank Account OR

I have made an in-person deposit of \$----- into
the Association Bank Account.

New Membership Application

I am applying for membership of the Association.

The category of membership I require
is.....(write annual or life)

Date of Birth.....(life applications only)

I have enclosed \$----- OR

I have made an electronic funds transfer of \$-----
to the Association Bank Account OR

I have made an in-person deposit of \$----- into
the Association bank account.

Telephone Account Troubles

A member has this tale to tell:-“When I received my last telephone account from my service provider, I saw to my horror a charge for **thirty-three** 1300 numbers, thirty-two of them to the same number! Fortunately I keep a record of these calls and knew that I had only made one of the thirty-three.

“What happened next is familiar to everyone. After phoning my service provider, I was shunted from pillar to post. Finally I decided to go online to check details of my calls. Confusing that is, I can tell you! I found that of the 32 calls to that 1300 number, 19 were recorded as having been made between 1:45 a.m. and 3:58 a.m.! Did I use the phone in my sleep?

“When I rang Account enquiries to complain I did get on to a helpful operator (yes, after being shunted around again) who rang the 1300 number – ‘this number is not available in your area’. (When I rang the number, noises from a fax machine hit my eardrum.) I was informed that my service provider would ring me back after an investigation. When I received the promised call back I still did not know much more. My service provider could not identify who had this particular number but, to cut a long story short, has agreed to give me a generous reimbursement.

The moral of this story is: Check your account no matter which provider you are with.

How to check your account online: Have your latest bill handy and open your provider’s website. If you have registered a username and password with the provider you should be able to open your account where you should be able to see the details of all the calls you have been charged with. If you have not registered the website should allow you to do so.

Alternatively you can ring your provider’s Bill enquiries number which should be on the website and/or the Bill.

Member Details Supplied

What men do in retirement

A wife speaking to her retired husband said ‘what are you going to do today?’

He replied ‘nothing’.

She said ‘you did that yesterday’

He replied ‘I haven’t finished yet’.

