

THE SUPERANNUANT

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

Address Membership Applications/Renewals to:

The Membership Officer, SA Superannuants, P.O. Box 348, Modbury North, SA 5092
(08) 85226885. E-mail: pmjahn@bigpond.com

Address General Correspondence to:

The Secretary, SA Superannuants, P.O. Box 568, Torrensville, SA 5031.
(08) 8339 4871. E-mail: venncm@yahoo.com.au

From the President

Your Association provides a number of services to members but none more important than *The Superannuant*. Our newsletter is a quality publication that provides members with valuable information about superannuation, pensions and services important to retirees.

For many years now *The Superannuant* has been edited by Ray Hickman and he has ensured that high standards have been maintained. Last year Ray made known his desire to hand over responsibility for *The Superannuant* to someone else and the August/September 2014 issue will be his last.

We are not seeking a replacement for Ray because his contribution was rather unique. He was not only the editor and coordinator but also the largest contributor of content. In future content will be provided, on a regular and casual basis, by a number of people, including Ray. Future editions may also be a little smaller.

What we need is a Coordinator, a person who can assemble the content provided by others into an agreed format for the printer.

If it is desired by the new coordinator Ray will assist him/her with the first couple of editions. This person does not have to be a Committee member as is the case with our Website Coordinator, Peter Frick.

If you or someone you know is willing to give this task a try we will be most grateful. If we cannot find Coordinator then we will have to cease publication of *The Superannuant*.

This matter is vital and urgent. Please give it your earnest consideration.

Peter Fleming

Speaker Program for General Meetings:

June - September 2014

(Speakers and topics subject to change without notice)

Pilgrim Centre, 12 Flinders Street, Adelaide.

Meetings commence 1 p.m.

June 30: Christine Howard, Commonwealth Banking Corporation "*Banking made easy*".

July 28: Deb Belperio, Alzheimer's Australia "*Memory and ageing*".

August 25: Professor Gavin Begg, Research Chief, Aquatic Sciences, SARDI "*Aquaculture in South Australia*".

September 29: Paul Bryant, South Australian Police "*Tips for older drivers*".

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.

In This Issue of <i>The Superannuant</i>	
Items	Pg
From the President Speaker Program	1
2014 AGM Report	2
Special General Meeting 2014 Your Membership Officer	3
Audited financial statement for 2013	4
Federal Budget 2014	5
A member asks	7
Speaker's corner	8
MyPost Concession Accounts	9
Fees and their payment	10
Membership Applications and Renewals	11

2014 AGM Report

1. The following people were elected to the Executive Committee.

2014 Executive Committee

President: Peter Fleming

Vice-President: Clive Brooks

Secretary: Christine Venning

Assistant Secretary: vacant

Treasurer: Michael Evans

Membership: Max Jahn

Speaker Coordinator: Vacant

Committee Members: Arnulf Anders,

Vic Potticary, Ian Beckingham, Mike Wohltman, two vacancies

Observer: Eileen Pritchard

2. The motion for Association membership eligibility to be expanded was carried. The effect of this is that, in future, members of the Police Pension Scheme, the State Lump Sum Scheme and the Southern State Superannuation (SSS) scheme will be eligible to join the Association.

This change does not involve any merger with other organisations. Any person belonging to one of the above-mentioned schemes who wishes to join the Association will do so as an individual. The Executive Committee does not expect a rush of membership applications only that some members of these schemes will join over time.

There are no implications for the Association's funds in this change. Members from these other schemes who join the Association will pay the normal fees and acquire the same membership rights as all other members. They will be supported as the Association has always supported its individual members with particular problems. This is by making representations to Super SA and other authorities and by giving members advice about making their own representations.

In the combined memory of the Executive Committee the Association has never incurred a significant expense on behalf of an individual member. The only circumstance in which the Association would do this is when the matter affected many other members as well.

3. Executive Committee recommendations for awards of Honorary Life membership to Clive Brooks and Michael Evans were accepted. Congratulations to these two stalwarts of the Association! *Ray Hickman*

Special General Meeting 2014
Monday 25 August 2014, at 1p.m.
Pilgrim Centre, 12 Flinders Street Adelaide

AGENDA:

1. Apologies
 2. Business of the Meeting.
- Life Membership for partner members.
(see Notice of Motion below)

NOTICE OF MOTION

Pursuant to section 11-3 of the Constitution of The South Australian Government Superannuated Employees' Association Incorporated, notice is hereby given that the following motion will be moved at a special General Meeting convened by the Secretary upon direction from the Committee

“That all partner members of life members be eligible for life membership of the said Association upon payment of a subscription fee of fifty dollars.”

Rationale: this new membership category, if approved, will allow partners of full members who are life members to dispense with having to pay the partner fee annually. This is one of the reasons full members opt for life membership and it seems reasonable to allow their partners to do the same. *Clive Brooks*

Your Membership Officer

WE ARE AT RISK OF LOSING 134 MEMBERS!

This will be the last newsletter for members paid up only to 2013. Paying the annual \$15 fee within 4 weeks will ensure membership continuity, and save the association the cost, and me the time, of posting out final notice letters.

PAYING FEES: Money orders are by far the most expensive way of paying dues at \$9-\$10, so are best used as a last resort. Please be very careful to include your **identification details**, either by filling out **the back of the order** with your name and address, or include the **renewal slip** from the newsletter.

Cheques are convenient and cost you nothing, but take up to 6 weeks for me to process. They cost about \$6 each to the financial institutions, so it is periodically proposed to do away with them. Please include your **renewal slip** or **other identification details**.

Bank transactions are even more convenient and also processed at no cost to members. They also take us up to 6 weeks to process. Be sure **your bank includes identification details**, or **you send me an email** stating enough identification details.

Cash is the least costly, and some members are enclosing \$15 in notes **accompanying the renewal form** in an envelope. Although it is unsecured, \$15 is a small amount of money and I've had no problems with notes arriving.

To limit costs of money orders and cheques, it makes good sense to pay some years in advance. Your guarantee of payment is receipt of the newsletter with the new dues date. If you believe the date is wrong, contact me.

Continued on page 5

SA Superannuants Audited Financial Statement for the year ending 31/12/2013

	2011	2012	2013
Balance brought forward	6816.29	6505.24	4460.94
Income			
Subscriptions	16984.20	12757.00	14108.00
Raffle Proceeds (net)	110.45	85.00	90.00
Tax Refunded		60.00	0.00
Donations		0.00	15.00
Sundries	325.39	0.00	312.00
Bank Interest	103.21	83.52	16.21
Interest on Investments	5677.79	5420.28	4293.71
Investments Redeemed	59683.91	89930.24	67807.42
Income Total	82884.95	108336.04	86642.34
Expenditure			
Hall Hire	1043.66	930.26	1144.77
Newsletters (Print/Post)	5622.67	4628.11	7482.44
Photocopies/Stationery	870.19	1992.41	1045.95
Executive Expenses	3447.58	3423.04	2290.19
Fees	986.00	1272.50	1115.00
Taxation	985.00	985.00	3619.23
Insurance	741.00	576.00	580.00
Sundries/Donations/Web	4138.20	1222.50	1239.98
Interest Reinvested	5677.79	5420.28	2741.36
New or Re- Investments	59683.91	89930.24	64423.65
Expenditure Total	83196.00	110380.34	85682.57
Cashbook Balance C/F	6505.24	4460.94	5420.71

All monies received during the year were banked, and all accounts paid were passed for payment at the respective committee meeting during the year.

Investment Accounts

Investment Account	Value at 31/12/2011	Value at 31/12/2012	Value at 31/12/2013	Maturity Date
CommInvest Term Deposit	24862.05			03/07/2012
CommInvest Term Deposit		26208.28		03/07/2015
CommInvest Term Deposit			27453.17	03/07/2015
Argo Shares (3172)	16050.32			
Argo Shares (3329)		20473.35		
Argo Shares (3465)			25329.15	
BankSA Term Deposit	31474.35			30/06/2012
BankSA Term Deposit		33383.77		30/06/2013
BankSA Term Deposit			30000.00	30/06/2014
CBA Term Deposit	31817.59			14/02/2012
CBA Term Deposit		34423.65		14/04/2013
CBA Term Deposit			35028.89	14/04/2014
TOTALS	104204.31	114489.05	117811.21	
Cash on Hand	0.00	0.00	0.00	
Cash in Cashbook	6505.24	4460.94	5420.71	
Sub Totals	6505.24	4460.94	5420.71	
OVERALL TOTALS	110709.55	118949.99	123231.92	

Continued from page 3

STATISTICS

Members

Life 1006; annual 512; partner 88; **total 1606**

New life: Mrs J Rhue, Mr P Num

New annual: Mr G McDonald, Mr P Makinen, Mr Ian Virgin, Mr C Parsons, Mrs Gray, Mr G Anderson

New Partners: Mr I Virgin, Mrs B Maschgan, Mrs A F Stegmeyer, Mrs Sirmonas, Mrs H Crabb, Mrs H. Onishko, Mrs C Trowse, Mrs M Killmier, Mrs H Lovell.

Transfers, annual to life: Mr A Schar, Mr R Pappin, Dr M Bosio, Mr C Stain, Mr R Earles, Mr G Garner, Mr T Steele, Mr E Frank, Mr P Cashen

Deaths: Mr L McAinsh, Mr J Holt to wife Sue, Mr J D Smith, Mr H Boettcher, Ms V Hamilton, Mr A Gangell to wife Lillian, Mrs J Fearn, Mrs E Campbell, Mr M Cockrane, Mr D Brereton, Ms D Tunbridge, Mr C Easter.

Max Jahn

Federal Budget 2014

The 2014 budget might be described as ‘a shocker’ with the shock hitting hardest those least able to absorb it. The increased charges for services and the removal of Commonwealth support for concessions will, if implemented, be difficult to cope with for people entirely dependent on a social services pension or allowance.

The average superannuation pension paid by Super SA in 2012/13 was \$36,000 and private income at, or near, this level, provided it is supplemented by at least an age pension payment, will be sufficient to protect people from hardship arising from the budget measures.

Besides the well-publicised increases in costs for services, and possible reductions in concessions, there are other measures that will adversely affect at least some members of SA Superannuants. These are outlined below beginning with the measures that are to commence soon:

Dependent spouse tax offset (DSTO): this is to be abolished from 1 July 2014. The DSTO reduces tax payable by tax-payers having dependent spouses with taxable incomes below \$9430 p.a. Its maximum value for the 2012/13 financial year was \$2286 and this reduced by \$1 for every \$4 of spouse income above \$286.

If you were a net tax-payer in the 2012/13 financial year, and your spouse had taxable income less than \$9,430, your tax bill would have been reduced by the DSTO. **But not after this current financial year, if abolition of the DSTO goes ahead.**

Abolition of the DSTO has received very little attention in the media while another proposal called the ‘budget repair levy’ has been prominent. The budget repair levy is a temporary measure that will apply for three years to individuals with incomes above \$180,000 p.a. It will require a couple to include a person with an income of about \$294,000 p.a. for this levy to increase the couple’s tax payable by \$2,286 p.a. This illustrates the complaint being made that the budget hits people who are at, or near, the bottom of the income scale hard while its effect on most high income people is relatively slight.

Senior Australians supplement: This is a cash payment currently being made to holders of the *Commonwealth Seniors Health Card* (CSHC). The amount is \$876.20 p.a. for singles and \$1320.80 p.a. for couples. **It will not be paid after 20 September 2014.** CSHC recipients will continue to get the *Clean Energy supplement* (\$361 p.a. and \$546 p.a. for singles and couples respectively).

CSHC eligibility: the 2014 budget contains two measures affecting eligibility for the CSHC. These will work in opposition to one another. The first is that, from September 2014, the income thresholds above which individuals and couples cease to be eligible for the CSHC will rise in line with the CPI. This will make more people eligible for the CSHC. The other measure is that, from 1 January 2015, allocated pensions and taxed-source defined benefit pensions (such as those paid by the NSW and Victorian governments) will be assessed for CSHC purposes in the same way as they are assessed for determining an age pension payment. This will make less people eligible for the CSHC but it will not apply to people already receiving the CSHC at 1 January 2015.

The budget papers indicate that even with this change a person having an allocated pension account balance of \$2.4 million will still be eligible for the CSHC in 2017/18. An account balance of this amount would deliver in excess of \$150,000 p.a. of income (CPI indexed) for a very long lifetime. So, this is treatment for allocated pensions that is still very generous compared to pensions such as Super SA pensions but it does at least see some limit for CSHC eligibility being put on allocated pensions where previously there was none.

An area of the budget that has been discussed a lot is what it sets out in the longer term for social services pensions. These are the age pension, disability support pension and veterans' affairs pension. The last-mentioned is identical to the age pension but is payable from age 60 to former military personnel who have served under war-like conditions. The changes proposed by the Government will be part of its policy platform for re-election in 2017. If Labor goes to the 2017 election with a substantially different plan for these pensions it might be an interesting contest.

Age pension qualifying age: the age pension qualifying age is currently set to begin rising, in stages, from 2017 until it reaches 67 years in 2025. The 2014 budget included a commitment to continue increasing the age pension age after 2025 so that it reaches 70 years in 2035. This will only affect people born after 1 July 1958. Given that the State Pension Scheme closed to new members in 1986 there will be relatively few members of the scheme who will have to wait until they reach 70 to qualify for an age pension payment or the CSHC.

Social services pension indexation from 2017: currently all three social services pensions are indexed to the better of the Consumer price Index (CPI) and the Pensioner and Beneficiary Living Cost Index (PBLCI). An additional adjustment is made, as necessary, to ensure that the maximum pension does not fall below 27.7% of Male Total Average Weekly Earnings (MTAWE).

The connection with MTAWE has had the effect of seeing the maximum rate of all these pensions increase at about 1.5% p.a. more than the CPI for many years. But from 2017 the MTAWE link will be broken and the maximum pension rates will not keep up with MTAWE.

There is an additional brake on the pension payments that will be applied from 2017 and this is that the income and assets thresholds, beyond which a pension payment begins to reduce, will be frozen for 3 years. Currently these thresholds rise in line with the CPI. The freezing of thresholds will not further erode the maximum rate for the pensions. But it will reduce part pension payments. A large fraction of the Association's members receive a part age pension payment on reaching the qualifying age.

Implications for super pension indexation: In a strange twist to the decision to **cease using MTAWE** from 2017 for all social services pensions (including the veterans' affairs pension) the government only recently legislated to **begin applying MTAWE** to the indexation of military superannuation pensions of the *Defence Force Retirement and Death Benefits (DFRDB)* scheme.

Civilian retiree organisations had anticipated that use of MTAWE in the indexation of military superannuation pensions would be the first step towards its use in the indexation of the Commonwealth's civilian superannuation pensions, with an eventual flow on to state pensions such as those paid by Super SA. No-one anticipated that a government would add MTAWE to the indexation arrangements for military superannuation pensions and, at the same time, move to abandon its use for indexation of the age pension and the veterans' affairs pension.

In the writer's opinion inclusion of MTAWE in the indexation formula for civilian super-annuation pensions is not in prospect with this Government now that it has stated an intention to remove MTAWE from the indexation formula for its social services pensions.

The case for better indexation of military superannuation pensions was always based on the uniqueness of military service and this will be a convenient rationale for not applying the same indexation to civilian superannuation pensions.

RH

A member asks . . .

'We are often told that the Government's contribution to our superannuation is more than the present guaranteed rate. Has anyone calculated or estimated how much more and do these estimates take into account that the Government does not pay until the pension is due, whereas with other schemes the employer payment goes in as the entitlement is established. This should be priced at the rate that Government can borrow money for the time between the entitlement and the actual payment.'

This question from a member was published in the January/February 2014 issue of *The Superannuant* along with a first instalment on an answer which can be summarised as follows: employer costs for the pension scheme have been getting estimated for many years and examples are an estimate of 13-17% of member salary reported in the 1983/84 Annual Report of the South Australian Superannuation Board along with 26% of salary estimated in the 2010 Actuarial review of the pension scheme.

In this item two estimates for the employer cost of a particular pension scheme member's retirement benefit are made using information contained in the member's annual statement received near retirement. One estimate is for the member opting to commute 100% of his pension to a lump sum and the other is for him opting to take 100% as a pension.

Member's details: retired 1 July 2001 age 57 years 6 months after 35 years and six months in government service. Annual salary at retirement \$57,425. Annual pension value \$34,581 (60.22% of retirement salary). Member contribution account balance at retirement \$149,077.

a) The member commutes 100% of the pension: a lump sum is paid and its value is $\$34,581 \times 10.98 = \$379,699$. The 10.98 is the commutation factor for a person of our member's age at the time he retired. Of the \$379,699 commuted lump sum the member has paid \$149,077 himself through the payment of his 6% of salary while in the scheme. This leaves \$230,622 to be paid by the employer. The employer contribution needed to generate this sum is $6\% \times 230622 / 149077 = 9.3\%$.

So, for this typical member, the value of the employer contribution, had he taken the benefit as a commuted lump sum, is about the same as the current value of the Superannuation Guarantee (SG) contribution that all Australian employees receive (9.25%). But our member could only get this payment by making a personal contribution of 6% from his after-tax income. People get the SG without having to make any commitment from their normal income. If they do make a personal commitment it is nearly always by salary sacrifice, i.e. from their income before tax. When this is taken into account a person commuting 100% of a Super SA pension receives less than their own contributions and the SG would provide.

b) The member retains 100% of the pension: here we can make use of actuarially determined factors to calculate the lump sum that is needed to pay the pension for a lifetime. The actuarial valuation factor for the pension is 15.972 leading to an actuarial lump sum value of $15.972 \times \$34,581 = \$552,348$. In order for a lump sum of this value to be in place at the time our member retired the Government would have had to contribute at a rate sufficient to produce \$403,471. Knowing that our member's 6% contribution has created \$149,077 we can calculate the employer's contribution rate as $6\% \times 403,471 / 149,077 = 16.2\%$.

So, when the benefit is taken entirely as a pension, the value of the employer contribution needed is well above the SG rate of 9.25% and falls in the range 13-17% that was reported in the 1983/84 Annual Report of the South Australian Superannuation Board. It is far below the estimate of 26% made in the 2010 actuarial review. As stated in the previous issue of *The Superannuant* this value of 26% is inflated due to it including the contribution needed to compensate for the fact that employer contributions were not being made to fund accruing benefits before 1994.

Final comment: members may be sure that the Association never takes a step backwards when someone tries to tell it that the pension scheme is too generous. The Association's position is always that unfunded liability is money owed to members who have kept their part of the bargain by paying their 6% of salary from after-tax income.

RH

Speaker's Corner

Do you know which organisation ensures that South Australia's agricultural products are first class? It's SARDI – the *South Australian Research and Development Institute*. It is State funded to the tune of 17% of its annual budget of \$69 million but this figure is slowly decreasing.

Professor Pauline Mooney, the Executive Officer of SARDI, provided members at the March meeting with an overview full of information to make everyone proud to be a South Australian.

SARDI is the government arm of first class research into issues relating to agriculture, fishing, aquaculture and the environment.

SARDI also cooperates with the CSIRO and the State's three universities. SARDI's two main thrusts are to make a difference on the ground and to be competitive. Its head office is located in the Waite Research Precinct.

SARDI leads in research into grains, wine (60% of Australia's wine comes from SA and 80% of it is exported), fishing and aquaculture. SARDI is also focussed on animal welfare. Consumers demand stress-free animals. Key research revolves around pasture and water management. Research is involved around lessening methane but still maintaining productivity.

SARDI was second in the world to clone a sheep. The organisation is also searching for cures for Huntington's disease as well as Alzheimer's. Sheep show human-like symptoms and SARDI is developing therapeutics.

SARDI has 339 staff at 12 locations investigating three core research topics – *livestock and farming* - includes animal reproduction, food safety and innovation, *systems, aquatic sciences* - oceanography ecosystems, fishing, aquaculture and biosecurity and *sustainable systems* – plant and soil health, viticulture, water resources and crop improvement to name just a few of the topics investigated.

The research centres, scattered throughout the State, all study wide ranging topics, e.g.

Nuriootpa Research Centre – viticulture

Port Lincoln Marine Science Centre – aquaculture, marine ecosystem and fisheries;

Mount Gambier Aquatic Sciences – wild fisheries; **Lenswood Agricultural Centre** – plant and soil health.

Some facts:

40% of food that we buy is thrown away; 50% of fish processed goes to landfill. This makes fish very expensive. We need a 20% reduction in these percentages.

Christine Venning

"MYPOST" concession accounts

The Australia Post letter rate increased from \$0.60 \$0.70 on 31 March 2014. However, to coincide with this increase, Australia Post introduced "MyPost" Concession Accounts for up to 5.7 million eligible Australians, who hold any of the following Federal concession cards:

- Pensioner Concession Card
- Health Care Card
- Commonwealth Seniors Health Card
- Department of Veterans' Affairs Card
- Veterans' Repatriation Health Card

Eligible persons can apply for a "MyPost" Concession Account by completing an application form and producing their valid Federal concession card at any Post Office.

Application forms can also be downloaded (504 Kb) from auspost.com.au/mypost. Holders of "MyPost" concession accounts receive the following benefits:

- Free booklet of 5 concession stamps (60c ea.)
- Ability to purchase up to 50 additional concession stamps per year (at 60c ea.)
- Discount on Mail Hold and Mail Redirection
- A free "MyPost" Concession Card and digital mailbox to securely manage communications, pay bills and store important documents online.

A "MyPost" Concession Account will enable Australia Post to track a person's stamp purchases (up to a maximum of 50 stamps p.a.) which would not be possible if they simply showed their Federal concession card.

Mike Duff

Fees And Their Payment

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

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

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

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

Email: pmjahn@bigpond.com

b) **When paying by electronic funds transfer:**

Please make sure that when the payment arrives in the Association account it is accompanied by your surname, initial and suburb.

Otherwise we may not be able to recognize your payment.

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

BSB 105-900

Account number: 950313840

Account name: SA Superannuants

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

d) New members and payments by electronic funds transfer or in-person deposits. If you are a new member paying by one of these methods please also send a membership application form to the Membership Officer so that your necessary details can be recorded.

On the next page a form is provided that allows new members to join, and existing members to renew their annual membership or convert it to a membership for life or notify a change of address.

Membership: Applications & Renewals

Existing Members: your financial status, name and address and the financial status of your partner (if applicable) is currently recorded as:

Please indicate errors or changes:

.....
.....

New Members: **Title:** **Gender:**

First Name:

Last Name:

Postal Address:

.....

All New & Renewing Members:

Payment Amount: \$.....

Purpose of payment (tick relevant box)

- Renew annual membership (\$15 /annum)
- Life membership (see scale page 7)
- Change annual to life (see scale page 7)
- Partner membership (\$5 /annum)

Year of birth: (life membership)

Telephone:

Home: **Mobile:**

Email:

Signature: **Date:**