

THE SUPERANNUANT

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

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From the President

I was staggered by the responses from Kevin Rudd and Tony Abbott when asked about their policies for the aged during their so-called recent “debate”. The subject was not raised by either of them during their set speeches, so I concluded that neither of them rated it as a major issue. Indeed Tony Abbott’s response to the unwelcomed question included a statement to the effect that it is a bipartisan matter and the ALP and Coalition policies were the same. There is a large and growing “grey power” vote out there but it is being ignored in this election campaign.

Economists rate us as worth a mention because we are seen to be a problem. We are living too long, clogging up the hospitals, costing the taxpayers billions of dollars in pensions, prescription drugs, and knee and hip replacements and, more recently, we are a threat on the roads.

The National Press Club recently featured three speakers on ageing including Ian Yates from COTA and a senior executive from Alzheimer’s Australia. These speakers presented some excellent research findings and recommended a number of practical ways for older Australians to manage their lives.

I searched through the main national newspapers the next day but could not find one paragraph covering this Press Club event but lots of articles written on “suppositories” and the “sex appeal” of female politicians. It seems that “Living longer, living better” may have problems lasting much longer!

Peter Fleming

CPI Change: The Adelaide Consumer Price Index increase for January 2013– June 2013, was 0.2% and this same adjustment will be made to Super SA pensions from October, 2013.

Speaker Program for General Meetings:

September-November, 2013

(Speakers and topics subject to change without notice)

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

September 30: Andrea Ogier – Ambassador Australian Cranio-Maxillo Foundation, “*My story – Before craniofacial surgery and after*”.

October 28: Professor Andrew Lowe – Acting-Director SA Museum, “*Museums most marvellous – SA Museum, today and tomorrow*”.

November 25: Wayne Groom – Producer, Writer, Director, “*Thirty years of making films*”.

Notice: Changed arrangements for getting *The Superannuant* via e-mail.

There have been a lot of nuisance applications (made by non-members through the Association’s website) to receive *The Superannuant* by downloading from the website. For this reason the Committee has decided that future applications to receive *The Superannuant* this way will have to be made by e-mailing the Membership Officer directly. The form that allows applications through the website has been removed.

This change will not affect those 50+ members who are currently in the system and should not present a difficulty for members opting to join the system in future.

Ray Hickman

Disclaimer: Readers should not act, or refrain from acting, solely on the basis of information in this newsletter, but should consult the relevant authorities and advisers.

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Proposal to alter membership eligibility

The pension scheme has been closed to new entrants since 31 May 1986 and this has produced steady attrition in potential membership numbers. Actual membership of the Association has stood up quite well at around 1500 but this cannot last while membership is restricted to the pension scheme.

The Executive Committee has discussed this from time to time and at the 2010 Annual General Meeting a change to the Association's constitution allowing for members of other public sector schemes to be made eligible for membership of the Association was approved. This requires the Executive Committee to put a proposal for change before members at an Annual General Meeting. The motion set out below will be put to the 2014 AGM.

NOTICE OF MOTION

Pursuant to section 3.2 of the Constitution of *The South Australian Government Superannuated Employees' Association Incorporated*, notice is hereby given that the following motion will be moved at the 2014 year Annual General Meeting.

"1. That all those persons receiving, or eligible to receive, a pension paid by the Police Superannuation scheme be henceforth eligible for full membership of the South Australian Superannuated Employees' Association upon meeting their financial commitments to the said Association.

2. That all those persons who are, or have been, members of the Southern State Superannuation scheme or Lump Sum Superannuation scheme be henceforth eligible for full membership of The South Australian Superannuated Employees' Association upon meeting their financial commitments to the said Association."

The motion has two parts reflecting an intention to concentrate initially on recruiting members of the Police Superannuation Scheme. This scheme pays pensions very similar to those paid by the State Pension Scheme. As a first step we will be writing to the Police Association to see if they would be prepared to encourage current and former police officers to consider becoming members of S.A. Superannuants.

The schemes mentioned in part 2. of the motion are less natural additions to our membership because they are not pension schemes. It will only be if attempts to recruit Police superannuants are successful that we would expend effort on the more difficult task of recruiting from these schemes. We would have to be sure that we could do something worthwhile to represent the interests of members of non-pension schemes.

Clive Brooks

Can you assist the Association?

Most volunteer organisations struggle to do the work that they want to do and S.A. Superannuants is no exception. Part of the difficulty is that we are still relying on the committee members who regularly attend meetings in the city. This dramatically reduces the number of people available to get work done.

But, in the internet age, regular attendance at committee meetings is not an essential requirement for participation in the activities of the Association. Production of *The Superannuant* and maintenance of the Association's website are both matters that could be done remotely (from anywhere in the world where a person with a standard computer, or equivalent device, has access to the internet) and with no need for attendance at the monthly committee meetings.

Association website: Making changes and additions to what is held on the website is essentially the same as making changes and additions to any other set of documents. A person experienced in working with a word processing package such as *Microsoft Word* would soon be able to master use of the tools needed to maintain

the website and could do this from home (wherever home might be). They would not need to generate the content held on the website and this would remain the responsibility of the Executive Committee.

The Superannuant: For several years now production and distribution of *The Superannuant* has proceeded as follows:

1. The set of items making up each issue is compiled and/or written by Ray Hickman and Vic Potticary on their home computers. It is then circulated via e-mail to all Committee members for comment.
2. Max Jahn provides, via e-mail, an up-to-date membership list to Ray/Vic for all those members who are to receive *The Superannuant* by post, and another list for the members who have elected to receive it via downloading from our website.
3. *The Superannuant* is sent as a computer file, via e-mail, to the printer together with the postal membership list. From this point on the printer does everything needed to get *The Superannuant* out to members by post. Ray sends a bulk e-mail to members on the e-mail list notifying them of availability of *The Superannuant* for downloading from the website.

The days when people had to have boxes of newsletters and envelopes around the house while they put the newsletters in envelopes, addressed the envelopes and then took them to the post office are now gone.

A person taking over the task of getting *The Superannuant* out would not be responsible for writing most, or even any, of the items it contains. This responsibility would rest with the Committee and the membership at large.

If you are interested in taking on one of these two tasks either by coming on to the Committee or working from home please let one of the following people know.

Peter Fleming, peterfleming8@bigpond.com,
tel 08 82951832

Vic Potticary cosme@senet.com.au
tel 08 83526504

Ray Hickman raywen@bigpond.net.au
tel 08 82644146

Stir caused in Tasmania

A non-government member of the Tasmanian Parliament has caused a stir among pension scheme members there by asking some questions about the possibility of the scheme being closed to existing members. These are the members still working and making contributions to the scheme but not people who have commenced their pensions. Behind these questions must lurk the thought that this could be done legally to achieve savings for the Tasmanian Government.

The Tasmanian scheme, like all defined benefit schemes, requires employers to make contributions well in excess of the Superannuation Guarantee (S.G.) rate (now 9.25% of salary p.a.). This allows the possibility of substantial savings for an employer if it terminates its participation in the defined benefit scheme and reverts to paying the S.G. rate.

If a defined benefit scheme was closed to existing members each would have to be assigned the entitlement that had accrued to them at the date of the closure. This would be preserved in the scheme until retirement. After the closure the person would have the (lower) S.G. contribution paid into an accumulation account.

The amount of savings to be made by closing a defined benefit scheme to existing members depends on the number of existing members that remain in the scheme at the date of closure. The more such members there are the greater is the savings potential. Most defined benefit schemes that pay lifetime pensions closed to new members in the mid-1980s (1986 in South Australia) but the Tasmanian scheme did not close until 1999.

Therefore it has a substantially greater proportion of its total membership still at work and a potentially greater saving to be made by closing their memberships down before they have retired.

But there are two factors working against a closure. These are:

1. The S.G. is now set to increase to 12% p.a. over the next few years and this has reduced the potential savings.
2. While there might be no legal obstacle to a Government closing its pension scheme to existing members there are substantial political and industrial obstacles to such a move.

RH

Federal Election, Indexation and CSHC

Each of the two issues on which the Association made representations to members of the federal parliament, prior to the election, has received some attention.

Commonwealth Seniors Health Card (CSHC) eligibility: The Coalition promised to increase the income threshold at which eligibility for the CSHC is extinguished. Currently the thresholds are \$50,000 p.a. for a single person and \$80,000 p.a. for a couple. These thresholds have not changed since 2001. If the Coalition was successful at the recent election these thresholds will, in future, increase in line with the Consumer Price Index (CPI). At the time *The Superannuant* went to the printer Labor had not made any proposal for raising the thresholds.

In the transitional age pension system (the system created by the 20 September, 2009 age pension reforms which accommodates people who had commenced their age pensions before that date and who would have been made worse off by the reforms) the income level at which age pension entitlement for couples is extinguished (\$80,028 p.a.) has already overtaken that for loss of CSHC eligibility. In the standard age pension system, which applies to all people commencing their age pensions after 20 September 2009, the cut-out income for a part age pension is currently \$70,553 p.a. (couples) and this will reach \$80,000 p.a. in about three years. The Coalition's policy would have the effect of pushing this interval out to about 10 years.

Some might say that \$80,000 p.a. is a pretty good income for a couple and they should not complain about getting neither an age pension payment nor the CSHC. But such couples do have a right to complain when many people with larger incomes than this are getting the CSHC. These are people with large superannuation incomes being paid from taxed funds. No matter how large a taxed-source superannuation pension is none of it is counted for CSHC eligibility. This is the main point that the Association made in its representations on CSHC eligibility.

Indexation of Commonwealth super pensions:

At the time of sending *The Superannuant* to the printer the Labor, Coalition and Greens' positions on indexation were:

Labor: If re-elected at the September 7 election Labor promised to introduce, from July 1 2014, improved indexation for some military

superannuation pensions. These would be the pensions paid from the *Defence Forces Retirement Benefits* (DFRB) scheme and the *Defence Forces Retirement and Death Benefits* (DFRDB) scheme. Both schemes were closed to new members more than 20 years ago.

The change proposed by Labor is that the DFRB and DFRDB pensions, being paid to people aged over 65, will go from being indexed to *Consumer Price Index* (CPI), which is the same indexation arrangement as applies to Super SA pensions, to **the better of** CPI and the *Pensioner and Beneficiary Living Cost Index* (PBLCI).

The military scheme that is still open to new members is the *Military Superannuation Benefits Scheme* (MSBS) and pensions being paid from this scheme will continue to be indexed to the CPI for superannuants of all ages. Labor has not proposed any improvement in the indexation of the Commonwealth's civilian super pensions.

Coalition: About a year ago the Coalition promised that, if elected, it would index DFRB and DFRDB pensions on the same basis as the age pension from age 55. This is a much more attractive offer than that of Labor. No-one expects the difference between applying the better of CPI and PBLCI, in place of CPI, to be any greater than about 0.5% p.a. and this small improvement will not begin until people reach age 65. Indexation on the same basis as the age pension will see an improvement of about 1.5% p.a. and this will, under the Coalition, commence from age 55. The coalition, like Labor, is offering nothing to MSBS members or to civilian superannuants.

Comparing Labor and Coalition: In explaining its decision to offer military superannuants less than the Coalition Labor says "This measure strikes the right balance by assisting many of our older military retirees while being fiscally responsible in the current economic climate."

It is hard to see the change being proposed by Labor winning it any extra electoral support from either the Commonwealth's military or civilian superannuants.

The Coalition seems comfortable with the fact that it is excluding MSBS members from the significant improvement that it is prepared to give to other military retirees. It must be counting itself fortunate that this aspect of its offer has attracted so little attention.

Labor's previous position on indexation was that any improvement it made would flow to all Commonwealth superannuants. It might have done better to stick with this commitment and apply its proposed change to all Commonwealth superannuation pensions, civilian and military.

Greens: Their policy statement included the following points

- We believe the indexation of Commonwealth superannuation pensions, both civilian and military, is unfair. The indexation of these pensions does not adequately reflect cost of living increases, leaving many retirees struggling.
- To relieve financial pressure on all Commonwealth superannuation pension recipients, the Australian Greens will seek to negotiate with the next government to implement fair indexation for both military and civilian Commonwealth superannuation pensions.
- The Greens believe it is important to develop a fair indexation method that can be applied to Commonwealth superannuation pensions to allow retirees to maintain their living standards. We acknowledge that the Age Pension and Commonwealth superannuation pensions are very different types of payments. The first is a safety-net payment to reduce poverty in retirement, while the latter is retirement pay which comprises part of a person's remuneration for services rendered.
- The Greens believe civilian public servants receiving Commonwealth superannuation pensions also deserve fair indexation.

Summary: Unless there are late developments prior to September 7 it seems likely that improved indexation for Commonwealth civilian super pensions will still be an issue at the election of 2016.

This 2013 election does seem to have moved most of the political spectrum to an acknowledgement that indexation of lifetime pensions by changes in the Consumer Price Index (CPI) is inadequate and some change is justified.

The question is: by the time this translates into a change actually being made how many of us will still be alive to benefit from it? RH

Lobbying of SA's federal MPs:

Following distribution of the May/June 2013 issue of *The Superannuant* quite a few members responded to the Association's suggestion that they should contact members of the House of Representatives and Senate elected from South Australia over indexation and/or Commonwealth Seniors Health Card eligibility. Responses that members received are posted on the Association website on its 2013 Federal Election page.

The responses received by members can be summarised as follows:

Labor: All the reasons that Labor has been giving for making no change to indexation are set out. The most prominent reasons are that improved indexation would be too costly and superannuation pensions are different from the age pension making indexation on the same basis as the age pension inappropriate.

Coalition: The responses in this case highlight the intention to apply age pension indexation to some military pensions and ignore the fact that indexation of other military pensions and civilian pensions will remain unchanged. RH

Ombudsman inquiry

As reported in the January/February 2013 issue of *The Superannuant* the Ombudsman rejected an inquiry into *Electricity Industry Superannuation Scheme* (EISS) pensions referred to him by the Legislative Council last year. His reason was that the terms of reference for the inquiry would have required him to go outside his jurisdiction. These terms of reference had been largely written by the Association in consultation with an EISS member, Mr Richard Vear.

In consultation with the Ombudsman we have now prepared new terms of reference. It is not certain that these will overcome all the jurisdictional obstacles he saw with the first referral but it seems likely that, if the new referral comes to him from the Legislative Council, the Ombudsman will be able to embark on an investigation that would satisfy us. The Legislative Council vote is due in September.

We want an investigation into whether the reductions made to EISS pensions, when those pensions were converted to taxed-source pensions, reduced employer costs for the pensions and, if they did, whether this was an outcome contrary to the relevant law. The Association's

claim is that employer costs were reduced and that this occurred contrary to law.

We have supported our claim with detailed arguments but we have never been given a response that made a rebuttal of those arguments. Instead we have been told that the Crown Solicitor has advised the Government that the pension reductions are fully compliant with the law. The Association is not prepared to give much weight to this because our requests to be told the exact question that was put to the Crown Solicitor have been refused. We have reason to believe that the wrong question was put to the Crown Solicitor and he has given advice on that wrong question.

We are looking to the Ombudsman to settle the argument by reporting to the Legislative Council his opinion on the effect that the EISS pension reductions have had on employer costs, their compliance with law and the probity of the processes that led to the reductions being authorised.

RH

A member asks . . .

Editor's note: The section of The Superannuant allocated to member's volunteer activities (A volunteer says) has ceased attracting contributions and in its place is this new section "A member asks". One member's questions asked recently are being used in this newsletter. If you have a question or two, for which fairly concise answers could be given, e-mail them to Ray Hickman at raywen@bigpond.net.au or send them in writing to Vic Potticary at the Association's postal address shown in the banner on the first page of The Superannuant.

1. I retired in 1984 after 21 years in the Education Department as a Teacher, and began to draw on my Super as my sole income. What is the exact name given to this kind of Super?

Answer: Super SA pensions are untaxed-source, defined benefit pensions.

Untaxed-source: This refers to the fact that no tax has been paid by Super SA on contributions made by the State Government to fund the pensions, or on the investment earnings of those contributions and the contributions made by members. Most other Super funds, including those operated by most other state governments, have paid these taxes and their pensions are called taxed-source pensions. To compensate for this difference the tax payable on taxed-source

pensions, once they commence, is less than that paid on untaxed-source pensions. For example, after age 60, taxed-source pensions are tax-free and do not have to be included as income on a tax return. Our pensions remain taxable income but we can claim a 10% tax offset on the taxable amount of the pension. The fact that our pensions are untaxed-source pensions is due solely to policy of South Australian Governments going back to 1988 and has nothing to do with the Federal Government.

Defined benefit: This refers to the fact that the amount of the pension, when it commences, is determined by a formula that takes account of final salary and years of service. It does not depend on investment returns experienced before and after commencement of the pension.

2. Is it the case that this kind of Super has not been available for some years now?

Answer: Defined Benefit pensions are still being paid to military personnel and judges but not to many others. Most defined benefit pension schemes were closed to new members in the mid-1980s. As far as we know people who joined before the schemes closed to new members were permitted to continue their membership and are retiring now with pension entitlements unaffected by closure of the schemes to new members.

Speaker's Corner

Who here uses social media?

Much laughter greeted this question asked by guest speaker, Michelle Prak, at the beginning of her presentation to members at the June meeting. No-one was game enough to own up.

You're thinking: *Ah ha! A rather inauspicious start to a speaker's talk!* But no! Michelle, a social media consultant, proceeded to offer reasons why we should all be using some form of social media and gave helpful hints to ease our concerns.

There are 12 million users of *Facebook* in Australia. Are you one of them? *No?* Michelle's advice is to have a go. As well as *Facebook*, there is *You Tube*, *Twitter*, *Skype* and more. Out there in cyber world is a social media site for every individual and most are free. Social media is what you make it. It can make you more socially aware. Government departments, organisations and interest groups all want to make contact with you.

Some examples for you to consider:

SAPOL has been busy updating its social media sites and increasing staff in their public relations

area. There are new pages on the internet which will provide us with the latest information about policing initiatives and statistics concerning crimes in all districts.

Politicians and their parties are using social media sites in ever increasing numbers. The American President, Barack Obama, used social media in his election campaigns to great effect. The Arab Spring may not have occurred if there had been no social media. The Israeli Government, for example, has a twitter account for its defence department. It tweets action that will happen in about sixty seconds. These tweets alert journalists to get to safety.

Australian Broadcasting Commission: The ABC has a massive social media presence – all the radio and television stations, staff members etc. have their own accounts. Have you watched the program Q&A? Have you noticed the opinions flashing across the bottom of the television screen?

People who previously had restricted access to contact with other people because of their physical limitations, or their locality, can now get over these limitations. They can connect with other people with similar interests. Use the hash tag – #your topic, for example, #gardening and another world opens up for you. The world is your oyster.

Take Twitter for example: you can follow the tweets of all sorts of people—politicians, celebrities in cultural/sporting arenas or your own contacts. Twitter allows you to tweet a maximum of 140 characters at a time.

A down-side for social media is that terrorist organisations have their own internet sites in order to bypass mainstream media and reach an audience.

But what about privacy concerns? Privacy comes down to you. It's your responsibility to share only what is comfortable for you. Michelle gave a wonderful example. Instead of placing your photo on your *Facebook* page use your pet's photo or even a vase of flowers. But check the privacy settings.

Public libraries offer free lessons in using the internet and social media. Call your local library to find out when and what. Have fun!

What about the stupid behaviour that is always in the news? According to Michelle, all age groups

behave inappropriately at times. It is **your** responsibility. **What goes on the internet stays on the internet.**

Michelle has some tips for you if and when you decide to venture into the world of social media.

- Use social media to suit you. It's not all frivolous fun for teenagers – it might help you keep up with family and friends, news, and community groups you want to support.

Continued page 8

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:**

Speaker's corner: *Continued from page 7*

- If you sign up to a social media site for the first time, like *Facebook*, pay attention to your privacy settings and the email settings under your account settings. These can influence what others see of what you share online, and how many emails you receive.
- After you've signed up to a network like *Facebook* or *Twitter*, use the search field to find organisations, friends and brands you might like to interact with.
- All major social network sites have fantastic help centres, often with videos. Try, for example <https://www.facebook.com/help> and <https://support.twitter.com/>

P.S. *The Advertiser* in July of this year contained an article about digital assets and how this information should be included in your will. Do you bank on the internet? Do you use the internet at all e.g. sending emails? Your family/executor/power of attorney need to know passwords and user names so this vital information can be accessed in case of your demise/serious illness. *Christine Venning*

Well said

The only person who makes no mistakes is the person who never does anything. Do not be afraid to make mistakes providing you do not make the same one twice. *Theodore Roosevelt*