

# THE SUPERANNUANT

Newsletter of the South Australian Government Superannuated Employees Association Inc.  
Trading as SA Superannuants Established 1927 [www.sasuperannuants.org.au](http://www.sasuperannuants.org.au)

## *Membership Applications/Renewals*

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## *General Correspondence*

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## From the President

When I was young, men retired at 65 years and the few working women at 60 years. On retirement they received the age pension. Within 10 years most of the men and some of the women had passed away.

Today men and women retire at a variety of ages, mostly in their sixties, and can live, in the case of men, until they are 80 years. We are told that within 10 to 20 years life expectancy will be around 90 years.

When the age pension was introduced, the vast majority of working people did not have access to superannuation. The cost to taxpayers for the age pension was not that great because we did not live much past 70 years. That gradually changed with developments in medicine, safer and more mechanised working conditions and a cleaner environment, so the Keating Government introduced compulsory superannuation.

It was envisaged that employer/employee contributions would grow over time and that superannuation would largely supplant the age pension. However, the growth has stopped and there is an ever-increasing reliance on the part-age pension as a top-up to superannuation.

Perhaps one answer to our budget/debt woes is to resume growth in employer/employee contributions. In the long run this will lead to higher superannuation pensions and a reduction in the number of persons needing a part-age pension top-up.

The government could also improve the budget by reducing the very generous concessions to superannuation for higher income earners which

were unwisely handed out during the now defunct mining boom.

I much prefer such long-term strategies because they provide more certainty to people receiving a superannuation pension.

*Peter Fleming*

## Speaker Program for Monthly Meetings

*Speakers and topics subject to change without notice.  
Details on Website under Meetings>Next Meeting.*

### September 2015 to February 2016

**September 28: Jack Cross, *History of the Workers Educational Association.***

**October 26: Emina Allegretti, Emergency Services Project Officer, *Preparing for emergencies.***

**November 30: Judith Barr, former journalist and ABC news reader, *Reminiscences of a media career.***

**February 29: John McGowan, author, educator and journalist, *The life and times of J. P. McGowan, South Australian, soldier and Hollywood movie star.***

*Pilgrim Centre, rear 12 Flinders St, Adelaide. Meetings commence at 1pm.*

**CPI Change:** The Adelaide Consumer Price Index increase for January 2015–June 2015 was 0.56%. This same adjustment will have been made to Super SA pensions from October 2015.

### Pension Scheme membership overview

Though no longer open to new members, the defined-benefit schemes still account for ten per cent of Super SA's membership<sup>1</sup>. At 30 June 2015, the closed Pension Scheme had 16,749 members: 939 contributory members; 484 preserved members; 15,326 superannuants.

This is 492 fewer members than in the previous year, with the main reduction occurring in the contributory members category. The superannuants numbers remained relatively unchanged, due to the members who passed away approximating the number of contributory members who retired and became superannuants.

This trend is expected to continue for some time, given that the Pension Scheme has been closed for over twenty-five years. Inevitably, contributory members are nearing retirement age and superannuants are getting older.

The decline in memberships of defined-benefit schemes across the superannuation industry is closely linked to the focus on our ageing population. This focus evidences the move to accumulation schemes some 25 years ago, which saw the risk shift from the employer onto the member, raising social concerns.

The impact of this shift is still unfolding. Today's retirees have not contributed to superannuation for the entirety of their working lives<sup>2</sup>. What is becoming clear to policy makers is that fluctuating financial markets have created an appetite for superannuation retirement products with life-time retirement incomes<sup>3</sup>.

While it is unlikely there will be a return to defined-benefit schemes, it is reasonable to expect that more annuity-based products will enter the market in coming years.

What is certain is that change will remain a constant in the superannuation sector for the foreseeable future.

*John Montague*

<sup>1</sup> Superannuants and members of Lump Sum and Pension Schemes

<sup>2</sup> Executive Summary, *The super challenge of retirement income policy*, September 2015, Committee for Economic Development of Australia (CEDA).

<sup>3</sup> "Australia's Retirement System. How does it stack up? How can we improve it?" *The super challenge of retirement income policy*, September 2015, Committee for Economic Development of Australia (CEDA).

### Controlling my own life – Consumer-directed care

Consumer Directed Care started on 1 July this year. Home Care packages are being organised on a new and different money basis from what used to be funded as HACC. It aims to help older people stay in their home. According to Christine Mitchell, a volunteer peer educator from COTA\*, residential care packages are not affected by the new government scheme (as yet).

There are four levels of CDC charges ranging from \$7500 to \$45000 per annum. The amount you pay is dependent upon your income. If you are only on a pension and at level 1, then you pay \$64 per week. If you are on level 4, the pensioner cost is still \$64 per week. Level 1 does not give entry to very much CDC assistance.

**So how do you get a package?** First you need a doctor's referral. Then ACAT^ does an in-home assessment and determines which level you are eligible for. Within that level, you decide which services you want. A contract is drawn up between you and the chosen home care provider.

ACAT will give you a list of home care providers in your area. A provider may or may not offer the level you need. If the provider hasn't the package you need, you can either shop around or take a lower level until you can get served on your appropriate level.

Every month you will receive a statement from your provider, listing expenditure made on your behalf e.g. podiatry appointments, cleaning service. If you haven't spent all your money, then it will be added to next year's service allocation.

**Will there be pitfalls?** It's early days yet and there are some teething problems. The services haven't been priced yet. The MyAgedCare website can be accessed where there are checklists e.g. how to find a provider for many kinds of in-home assistance. Alternatively, contact 1800 200 422.

*Christine Venning*

\*Council on the Ageing

^ Aged Care Assessment Teams

## Member Opportunities

### Your Participation Is Invited

**SA Superannuants** is entirely a member-based organization. We provide services and protections to members, based on the needs that members express and the resources that members provide. SA-S is completely independent, funded solely by the contributions of members and operated solely by member volunteers.

**Your Committee** is elected each February – see the call for nominations on this page. It meets in the morning before each monthly general meeting, where a report is then given. Some specific roles may be allocated within the committee or may be contributed from outside by a member who prefers to concentrate on that specific field. At present, the role of Website Co-ordinator is held ‘outside’ by Mr Peter Frick.

As in any healthy organisation, there has to be regular turnover of officers and committee members. The median age of the current Committee is 75. Special skills are not needed, nor is any of the work arduous. Particularly, there is need for women nominees as provided by the Constitution: **women members, please consider the opportunity for you in 2016.**

**Non-Committee** roles and tasks that could be carried out by volunteers: scouting for speakers, thanking our speakers, support in a particular advocacy or campaign by SA-S, many others. The Co-ordinator of this newsletter would like to check among users of Word and other programs for Macintosh!

From personal interests or past employment, your skills could assist your fellow superannuants, **often enjoyably to yourself.**

**Now** is the time to offer what you can contribute to your Association or to express general willingness. Could you be embarking on a new part of your life? Please contact the Secretary by phone or email or talk to any committee member at a meeting.

*Your 2015 Committee*

## FROM YOUR MEMBERSHIP OFFICER

**Membership stands at 1469 full and 88 partners.**

378 out of 442 annual members are only financial until December this year. They are due for renewal at the end of this year.

**ANNUAL MEMBERSHIP POLICY  
IF YOUR MEMBERSHIP IS PAID UP TO  
31/12/2015, YOU NEED TO RENEW  
BEFORE THE END OF THIS YEAR TO  
ENSURE CONTINUITY.**

You may not receive any more newsletters after your membership expires at the end of this year.

**If your financial status on the back page of this newsletter says, “FEES ARE DUE”,  
you need to  
RENEW NOW for 2016.**

**Be confident about your longevity: pay for two years.**

**When renewing, be sure to read the renewal advice on page 7. Cut out and use the “Membership Applications & Renewals” column on the back page.**

**I look forward to renewing 378 members  
BEFORE 31/12/2015.**

*Max Jahn*

## Nominations for 2016

Nominations are called for the officer and committee positions on the Association’s Executive Committee

President  
Vice-President  
Secretary  
Treasurer  
Membership Officer  
Assistant Secretary  
Guest Speaker Co-ordinator  
Committee member (6 positions)

The constitutional provisions are given at <http://www.sasuperannuants.org.au/index.php?id=52>

Please email the Secretary with your nomination: [venncm@gmail.com](mailto:venncm@gmail.com)  
by 21 January 2016.

## Concessions Alert

In May 2015, the state government announced that the Council Rates Concession Scheme, for which the Commonwealth is no longer providing support, would be replaced in July by a new state-funded 'Cost of Living Concession Scheme'.

This new concession scheme replaces the council rate concession which had previously been payable to pensioners, low-income earners and holders of CSHC and/or Seniors Card holders who **owned** their principal place of residence.

Eligibility for the new state concession has been expanded to include **tenants** but, at the same time, many Seniors Card holders, who were previously eligible for the Council rates concession, will not be eligible for the new payment. These are Seniors Card holders who own their own homes but who have not reached age pension age. There would be thousands of people in this category; among them will be SA state pension scheme members.

Table 1: Home owners

	Old Scheme	New Scheme
Pensioner	\$190	\$200
Low income	\$190	\$200
CSHC holder	\$100	\$100
Seniors card	\$100	Not eligible

Table 2: Tenants

	Old Scheme	New Scheme
Pensioner	Not eligible	\$100
Low income	Not eligible	\$100
CSHC holder	Not eligible	\$100
Seniors card	Not eligible	Not eligible

Home owners who were in receipt of the Council rate concession payable under the old scheme will not need to apply for the new scheme payment, which will be sent by cheque in September.

**Tenants need to apply** for the payment by October 31. Application forms are available from the concession hotline, 1800-307-758, or online. In the website [www.sa.gov.au](http://www.sa.gov.au), open its 'Seniors' page from where you should be able to find your way to the 'Cost of Living Concession' page. Once there you can apply online or print your own application form.

Payments to tenants will be made via electronic funds transfer by March 2016.

Mike Duff

## Super & Age Pension Alerts

*Editor's Note: Having made a deliberate decision to seek members from among the other South Australian State Government superannuation schemes, our Association is taking an interest in what is happening with those schemes. Hence the following item on Super SA Select.*

### New super scheme faces head winds

In 2012-13 the South Australian Government established a new superannuation scheme, called *Super SA Select*. This was in response to members of the *Southern State Superannuation* (SSS) scheme being ineligible to receive the Federal Government's *Low Income Superannuation Contribution* (LISC). Both SSS and *Super SA Select* are accumulation schemes.

The LISC is a payment of up to \$500 p.a. that the previous Federal Government introduced for people with incomes up to \$37,000 p.a. It is, in effect, a refund of the 15% contributions tax paid on the superannuation contributions of low income earners.

SSS members are ineligible to receive the LISC because the SSS is an untaxed scheme and does not pay the 15% contributions tax until the member collects his/her superannuation benefit. While it might have been possible for the Federal Government to have made the LISC available to SSS members before they had paid their contributions tax, its reason for not doing so is a good one. There is little, if any, precedent for the refunding of a tax that has not yet been paid.

*Super SA Select* is a taxed superannuation scheme i.e. a scheme which pays tax on contributions and earnings as they are received. A low income person moving from the SSS to *Super SA Select* becomes eligible for the LISC. This saw about 150 people having made the change as of 30 June 2014. An alternative would have been to provide SSS members with choice of fund allowing them the option to join a taxed superannuation fund such as *Statewide Super*.

*Super SA Select* had an establishment cost of \$300,000, which has been paid for from the scheme's assets. A loan of \$500,000 has also been made to *Super SA Select* and this has an associated interest cost which must be met from

scheme assets. At 30 June 2014 the amount credited to member's accounts was \$1,950,552 with the funds available to pay benefits being only \$1,626,415. This does not mean that any member leaving government service in the near future will be paid less than the amount specified in their account. But the standard normally observed in the funding of accumulation schemes, like SSS and *Super SA Select*, is that the funds available to pay benefits is always at least equal to the value of those benefits.

As far as the Association is aware, intending *Super SA Select* members were not told that the scheme would have to meet establishment costs and interest payments from its assets. Had people been told this, it is doubtful that anyone would have joined. The current Federal Government intends to cease payment of the LISC in 2017 and, when this happens, the 150 or so people who currently belong to *Super SA Select* may find themselves stranded in a scheme that no-one else wants to join.

The Association has written to *Super SA* about this matter. We understand that consideration is being given to the future of *Super SA Select*. It is essential that any decision made about the scheme protects the interests of its small, and vulnerable, set of members. It is no fault of theirs that they were ineligible for the LISC due to SSS being an untaxed superannuation scheme.

*Ray Hickman*

## **Defined-benefit pension means testing**

It was reported in the June 2015 issue of *The Superannuant* that the 2015 Federal Budget included a proposal for a 10% cap to be placed on the proportion of a defined-benefit superannuation pension's gross amount that is not counted in the Centrelink income test.

This proposal has now been made law. Both the Labor Party and the Greens supported the change and its implementation date will be 1 January 2016.

Changes made in 2007 as part of the Federal Government's superannuation reforms had, until now, seen proportions of some defined-benefit pensions, ranging up to and beyond 50%, not being counted in the income test. Consequently, some recipients of defined-benefit superannuation

pensions will experience a large reduction in their age pension payment from 1 January 2016.

Confirmation was sought from *Super SA* of the Association's own assessment that the measure will have little, if any, effect on most recipients of *Super SA* pensions. This opinion was based on a belief that all, or nearly all, *Super SA* pensions already have less than 10% of their gross amounts that is not counted in the income test. The reason for this is related to the fact of the pensions being untaxed-source pensions. Commonwealth pensions are also untaxed-source pensions so will, like *Super SA* pensions, be largely unaffected by the change.

*Super SA* has now advised the Association that, of its fifteen thousand, or so, pensions, only about forty have more than 10% of the gross amount not counted in the income test. With these, the percentage for most is less than 12.

The pensions that will be affected in substantial numbers, with substantial reductions occurring in age pension entitlement, are taxed-source pensions paid by other state governments and corporations to their scheme members who had service completed before 1 January 1983.

For those members of taxed-source schemes, whatever was the fraction of their service completed before 1 July 1983, this same fraction of their pensions has, since 2007, been an additional component of the pension not counted in the Centrelink income test.

Untaxed-source pensions, including *Super SA* pensions, were not assigned this additional component to be excluded from the income test; this is why the change coming on 1 January 2016 will have only a small impact on a small fraction of our pensions.

We should not congratulate ourselves on having managed to obtain a better age pension deal than members of the taxed-source schemes. We have not. There will be about 30% of the members of taxed-source schemes who have 10% of their pension not counted in the income test after 1 January 2016. From the figures supplied to the Association by *Super SA* this will be the case for only 0.3% of *Super SA* pensions. Consequently, after 1 January 2016, there will still be an age pension advantage (albeit, a much smaller one)

for taxed-source scheme members over members of untaxed-source schemes.

By 1 January 2016, members of taxed schemes will have been getting their 'extra' age pension payments for more than eight years and will have received extra payments of about \$1 billion. The Federal Government expects the new measure to produce savings of \$450 million over the next four years.

There is not now, nor has there ever been, a good reason for taxed-source pensions to have a larger proportion not counted in the Centrelink income test than do untaxed-source pensions. It is quite possible that the Federal Government of 2007 introduced a pre-1 July 1983 component for taxed-source pensions thinking this would affect only the tax payable on the pensions before age 60. The Government's advisers in Treasury may not have realised at that time that it would flow through to means testing for the age pension.

In the writer's opinion the 10% cap, while not ideal, should be seen as a measure that makes age pension means testing more equitable than it has been over the period 2007 until the present time.

RH

## Reminder for Retired Persons

### QANTAS Club benefits

A number of SA Superannuants members have recently joined the corporate Qantas Club scheme, saving substantially on normal Club membership. As described in the last issue, this can be done under an agreement with the Superannuated Commonwealth Officers Association (SCOA).

New members can join at any time. Partners too can join. Existing Qantas Club members can transfer their membership to SCOA's club. Further information can be found online at <http://www.qantas.com.au/travel/airlines/qantas-club/global/en>

To inquire or join, or to transfer membership as a SA Superannuants member, contact Alan Raftery - E: [Qantas@scoa.asn.au](mailto:Qantas@scoa.asn.au) or T: 0408 850 535.

## Affiliated Organisations

### Australian Council of Public Sector Retiree Organisations

ACSPRO has become incensed by articles in the *Canberra Times* implying that Public Servants' superannuation entitlements are a heavy liability on Government resources and that this is a result of greed by these public servants.

The thrust of the CT's comments is that public servants are greedy fat cats enjoying excessive superannuation benefits that are very detrimental to the financial health of the nation.

The letter to the newspaper, signed by Annette Barbetti (President of SCOA) points out that the problems of funding PS superannuation are caused by successive Governments *failing* to put aside money to fund their employees' future superannuation payouts.

To *then* claim that these problems are the fault of these employees rather than of the Governments that failed to make proper funding arrangements is outrageous. The editor has not published the letter...

Tom Hayes of ACPSRO has circulated a discussion paper questioning whether the long-term campaign for improved indexation may have become counter-productive. The attitude of the present Government and its public service advisors is becoming steadily more hostile. Tom Hayes puts it thus: "Our campaigns to pressure both sides of Parliament on the fairness of our cause have not only failed but have generated negative attitudes".

A recent indication of this was an abysmally negative response to ACPSRO representatives from Andrew Leigh, a former professor, author of the current book *The Economics of Just About Everything* and now Labor's Shadow Treasurer.

Michael Evans

### Superannuation Federation

The SA Government Superannuation Federation was set up as a peak body to look after union members of the State Superannuation schemes and their pensioners – us, in other words. The Federation gained importance when superannuation became compulsory. SA

Superannuants was a founding member. That is something to be proud of.

**Other affiliates are**

Public Service Association, Police Association of SA, Australian Nursing and Midwifery Federation SA, Australian Education Union SA, Australian Manufacturing Workers Union, South Australian Salaried Medical Officers Association and Australian Services Union.

**So what does the Federation actually do?**

The Federation has the right, under the Act, to be consulted on any proposed superannuation legislative or regulatory changes. The Federation makes submissions regarding basic aspects of superannuation such as choice of fund, transition to retirement and investment options plus the employer contribution guarantee.

The Federation in the recent past has lobbied for the Low Income Superannuation Contribution (LISC) scheme which benefits low-paid workers.

The Federation meets three to four times a year and each meeting usually lasts about an hour. Delegates receive reports from the General Manager of Super SA and the CEO of Funds SA. Your delegates often raise queries that our members have asked.

**Your delegates** are Peter Fleming (President), Clive Brooks (Vice President) and Christine Venning (Secretary). Mike Wohltmann is proxy.

At the AGM on 2 September 2015 were elected:

*President* Leah York, Australian Education Union; *Vice President* Elizabeth Dabars, Australian Nursing and Midwifery Federation; *Secretary* Jan McMahon, Public Service Association; *Treasurer* Adrian Butterworth, Public Service Association.

*Committee* Nev Kitchin, Public Service Association; Bill Hignett, Australian Education Union; Christine Venning, SA Superannuants; Kevin Crawshaw, Public Service Assocn; Mark Carroll, Police Association.

*Christine Venning*

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

## Fees And How to Pay

**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 renewing by cheque or money order,** please mail your payment to:

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

**b) When renewing by electronic funds transfer,** please make sure that when the payment arrives in the Association account it will be accompanied by your surname, initial and suburb. Otherwise we may not be able to recognize your payment.

Our **Bank SA** 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 subscribing by electronic funds transfer or in-person deposits.** If you are a new member paying by one of these methods please **also** send the membership application form to the Membership Officer so that your necessary details can be recorded.

**On the next page:** *form for new members to join, and existing members to renew annual membership or convert to a membership for life or provide for a partner or notify a change of address.*

**Membership Officer contact: see page 1.**

## Membership Applications & Renewals

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

(Refer to your email for these details)

Please indicate errors or changes:

.....  
 .....  
 .....

### New Members:

Title ..... Gender .....

First Name .....

Last Name .....

Postal Address .....

.....

### All Members (New & Renewing):

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 ..... (if life membership)

Telephone: (H) .....

(Mob).....

Email .....

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

## Notes from our Website

Since March this year our website has registered 3,531 visitors. The web site is routinely updated.

> Each month there is a guest speaker profile for the next meeting so members can plan attending:  
[www.sasuperannuants.org.au/index.php?id=86](http://www.sasuperannuants.org.au/index.php?id=86)

> Minutes from General Meetings are uploaded once approved by the executive. Find them at:  
[www.sasuperannuants.org.au/index.php?id=89](http://www.sasuperannuants.org.au/index.php?id=89)

> Archived copies of the Superannuant are at:  
[www.sasuperannuants.org.au/index.php?id=70](http://www.sasuperannuants.org.au/index.php?id=70) &  
[www.sasuperannuants.org.au/index.php?id=73](http://www.sasuperannuants.org.au/index.php?id=73)

> The association's major thrust at the moment is on the Electricity Industry Superannuation Scheme (EISS). The background to this unusual affair can be read in detail at:  
[www.sasuperannuants.org.au/index.php?id=80](http://www.sasuperannuants.org.au/index.php?id=80)

*Peter Frick*

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Show this issue to a non-member superannuant.  
 Membership Officer details are on page 1.