

# 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

The Membership Officer, SA Superannuants, P.O. Box 348, Modbury North SA 5092  
(08) 8522 6885 E [pmjahn@bigpond.com](mailto:pmjahn@bigpond.com)

## General Correspondence

The Secretary, SA Superannuants, GPO Box 2036, Adelaide SA 5001  
T (08) 8339 4871 E [venncm@gmail.com](mailto:venncm@gmail.com)

## The President's Column

**L**ate last year, our president, Peter Fleming, met with a stroke. Peter is under treatment and doing well in rehabilitation. His usual column in punchy style will not appear for this issue. Peter is confident of continuing to make a contribution to the Association's affairs. His re-nomination for the position of president will stand unless he advises otherwise.

Peter is a dedicated President. He is an enthusiastic leader and his past experience as a senior public servant interacting regularly with parliamentarians has been valuable to our Association. We hope that his confidence and determination will continue in the President role, or in some other role, health permitting.

The Annual General Meeting will proceed on 29 February. See page 3 and website for nominations. Should some positions remain without full quota of nominations, a call will be made to the floor.

The present situation demonstrates that all of us are vulnerable, and also that younger entrants to the Committee are necessary for active representation of what will benefit the members.

Our organisation of 1500+ members is the sum of its parts. All our members are valued, should have pride in membership and can take pleasure in the social interaction with fellow members that goes with committee work.

## Speaker Program for Monthly Meetings

Commencing at 1.00 pm on a Monday at Pilgrim Centre, rear of 12 Flinders St, Adelaide.

### February-June, 2016

**February 29:** John McGowan, Author, *The life and times of J.P. McGowan - from Terowie in South Australia to Film Fame in Hollywood.*

**\*March 21:** Peter Canty, General Manager SA Herbarium, Adelaide Botanic Gardens, *Herbs in South Australia.*

**April 18:** Shane Sody, Secretary, Adelaide Parklands Preservation Society, *How Much Destruction is Enough? Day by day reduction of the Adelaide Park Lands.*

**May 30:** Janice Spraackman, Former funeral director, now marriage celebrant, *A funny thing happened to me on the way to my funeral.*

**\*June 27:** Margaret Folkard, Gnomist *Sundials old and new - how and why they are made.*

\* Due to illness of Guest Speaker Coordinator, the March and June speakers were not finalised at time of going to print and may be changed. Current details are given on the Website under Meetings>Next Meeting.

**CPI Change:** The Adelaide Consumer Price Index increase for July 2015–December 2015 was 0.47%. This same adjustment will have to be made to Super SA pensions from April 2016.

## From the GM, Super SA

### Two Superannuation topics for 2016

Federal interest in superannuation has increased under the Turnbull government. Two key topics, being the concessions provided to and the purpose of superannuation, will receive further attention in 2016.

The tax **concessions** provided to encourage saving through superannuation are not unique and have to be seen in comparison to other concessions provided to encourage certain outcomes, whether through negative gearing, capital gains tax relief, trust structures or even the tax status of the family home.

Superannuation concessions 'cost' government in excess of \$30B a year but in this context 'cost' is not a precise term as the withdrawal of one concession may just encourage investors to seek out another.

Thus, from a budget perspective only a proportion of the \$30B could flow back to government. It must also be recognised that individuals need an incentive to put off spending today to save for their own retirement and that importantly the government benefits when individuals defer their take-up of and reliance upon the Age Pension.

Undoubtedly, the Federal Government will continue to deliberate on the appropriate size and scale of superannuation concessions and whether they have become inequitable or disproportionate to their outcome.

The question of the **purpose** of superannuation is more complex than it might appear. The Financial System Inquiry recommended that the objective for superannuation should be to provide income in retirement to supplement or substitute the Age Pension.

However, some recent studies have shown that a significant proportion of people still hold half their initial superannuation balances at the time of average life expectancy <sup>(1)</sup>. While there is debate

over just how many retirees are actually in this situation, the number isn't trivial.

This is relevant as superannuation generally does not form part of a person's estate and a consequent death benefit is usually paid to dependents or to those who were legally entitled to financial support from the deceased. Thus superannuation has effectively become part of an individual's bequest.

Superannuation is not and arguably has never just been about providing a retirement income to an individual. Thus the intention to define the purpose of superannuation has important consequences.

The outcome of the policy position for these topics will be relevant to everyone in assessing their own retirement strategy and the intention of their own superannuation.

1: Paper to the 23rd Colloquium of Superannuation Researchers

*John Montague*

## A Member Writes

If you think that super pensions are falling behind current salary levels, or indeed lag behind age pensions, just enter up your own details in [www.scoa.asn.au/indexationtool](http://www.scoa.asn.au/indexationtool).

This clever calculator was developed by our colleagues the Superannuated Commonwealth Officers Association. The topic is regularly raised by our own Association members. What we are paid is fixed by State laws.

The Association makes regular contact with members of parliament both state and federal. South Australia is unlikely to move until the Commonwealth has made a change – and how likely is that?

If you would like to explore the situation in some informal group, please write/email to our Secretary (see page 1).

*Arnulf Anders*

## Nominations for 2016

Nominations received for the officer and committee positions on the Association's Committee are:-

President **Peter Fleming**

Vice-President **nil**

Secretary **Christine Venning**

Treasurer **Michael Evans**

Membership Officer **Max Jahn**

Assistant Secretary **nil**

Guest Speaker Co-ordinator **nil**

Committee Members

**Arnulf Anders, Ian Beckingham,**

**Clive Brooks, David Donaldson,**

**Ray Hickman, Gail Munro,**

**Mike Wohltmann.**

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

Please email the Secretary with any enquiry about the nomination process:  
[venncm@gmail.com](mailto:venncm@gmail.com)

## Speaker's Corner

### Emergency Readiness

**E**mina Allegretti, Project Officer for Emergency Services at Red Cross, had some timely advice at the October meeting for everyone with regards to emergencies.

How well prepared are you for any type of emergency – big or small, long term, short term?

The Red Cross has an emergency rediplan designed to help you prepare, cope with and recover from any emergency. The booklet details four points – now that isn't too much is it?

Firstly **get information** about what emergencies can be expected in your area.

Are you in a bushfire prone area? The CFS has lots of helpful advice.

Do you live in a flood prone area? Ask the SES.

Are you on a busy road where there can be toxic spills?

What about power blackouts? Are there large trees that can come down without warning?

Your local Council has advice to assist you.

Next step is to **prepare emergency plan.**

What sort of things are in this?

There should be an emergency contact list for household members, electricity, gas, water. These numbers can seem to be memorised but in an emergency often your mind goes blank.

Have you a plan of emergency escape routes – at least *two*?

In an emergency where will all the family members from the home meet?

You need a record of medical conditions, medications, prescriptions, any items such as hearing aids and walkers.

Next step is **get an emergency kit.**

Suppose you had to leave home in a hurry. What would you take in your emergency kit?

Torches with spare batteries, prescriptions, spare glasses, clothes, first aid kit etc etc.

Every member of the family needs an emergency kit, even pets.

There are two types of emergency kits: one if you stay in your home and the other one if you are evacuated.

The stay at home kit should include food that doesn't need cooking and enough water for 3 litres per person per day -- don't forget your pet's needs.

Check your kit at least once every 6 months. Water will be fine for 12 months, then it needs to be refreshed.

Finally the last step is about **knowing your neighbours** -- how you can help each other in an emergency. Remember the neighbour may not have a vehicle and therefore cannot leave. Their family may not be able to reach them.

If you wish to have copy of the series of emergency booklets, please send a stamped self addressed C4 envelope (stamps to the value of \$7.45) to SA Superannuants GPO Box 2036 Adelaide SA 5001 and you will receive the information within 5 days. Please take the time to read the booklets and fill out the forms to ensure you and your family stay safe. Or email or phone to the Secretary as to which meeting you could pick up the information so it can be ready for you.

*Christine Venning*

*If your group would like a briefing about the Emergency Rediplan, then ring Emina on 8100 4588 to arrange for a community speaker to attend your meeting.*

## From your very worried Membership Officer, Max

We had 1595 members at the end of 2015.

Membership expired for 168 members and 22 partner members at the end of 2015. Thus we are in danger of losing 190 members: a membership reduction of about 12%.

It is a very worrying time with age pension payments for many retirees being reduced by the National Government, and other cut-backs being made in all sorts of ways. We have a high level of security with our Super SA pensions but the taxation of superannuation is in the firing line. Increases in the Goods and Services Tax and changes to the Medicare Levy are also being talked about. We need a very strong membership to have any chance of arguing our case just to preserve current conditions.

To make matters worse, some members are not insisting their banks include enough information for me to identify the sender. A bank receipt number is not enough. A name and home suburb is best.

Here are examples from recent months for whom I have no names:

*7 @\$10 entries under "cash ..." which  
may be partner members;  
2 @\$15 as "cash..."  
1 @ \$15 as "Pcu"  
1 @\$20 as "Lil"  
3 @\$30 as "cash..."*

The greatest concern is the new members we don't get: *a \$180, and a \$160* (not on our data bank and no entry form). Chasing up in phone books has its limitations, as some members are living in the country or interstate.

I urge the 190 unfinancial members to send membership fees in right now, while it is in your mind. You are important to us, as we try to maintain a large enough membership to convince politicians and public servants that we are an organisation to be reckoned with.

**Otherwise: THIS IS YOUR  
LAST NEWSLETTER.**

*Max Jahn*

## Concessions Alert

### Personal alert scheme

Residents of South Australia who are aged 75 or older and have a Pensioner or a Veterans' Affairs concession card may be entitled to State Government financial assistance for a personal alert emergency system. To qualify, residents must:

- be at high risk of falls and suffer from a major medical or chronic condition that requires an urgent response in an emergency;
- be willing to wear and be able to activate the alert system;
- live alone and be alone for most of each day and night.

This scheme provides for a rebate of up to \$380 for purchase and installation of a monitoring system, and up to \$250pa for monitoring services.

Full details of the scheme can be found by going to the website [www.sa.gov.au](http://www.sa.gov.au) and opening the 'Seniors' page. Under the heading 'Concessions and finances' you will find the Personal Alert Rebate Scheme. Alternatively, detailed information and application forms can be obtained from the Department for Communities and Social Inclusion on 1300 700 169.

*Mike Duff*

## Super & Age Pension Alerts

### Recovering from the GFC

The State Superannuation Scheme, which pays defined benefit pensions to its pension division members and defined benefit lump sums to its lump sum division members, is often said to be unfunded even though it holds assets to back the benefits it pays. These assets are derived from the contributions made by members, and by employers, with each set of assets being held in separate accounts.

When the Global Financial Crisis (GFC) hit in late 2007 assets held in the two accounts were significantly reduced without this affecting pensions or the defined benefit component of lump sums. In this way State Superannuation Scheme members have enjoyed the main

advantage that goes with membership of a defined benefit scheme. This is the continued payment of benefits at their full value even when scheme assets are reduced to the same extent as assets held in accumulation schemes.

The Table below shows how assets backing State Superannuation Scheme benefits, and other aspects of scheme finances, have been affected (or not affected) by the GFC over the period 2007-2015. It is important to note that:

- i. the figures for funds held, contributions made, benefits paid and liabilities are \$millions;
- ii. the figures are for the pension and lump sum divisions combined.

	2007	2009	2011	2015
<b>Member Funds</b>	2,450	1,650	1,830	2,120
<b>Member Contrib.</b>	42	39	35	22
<b>Benefits paid</b>	542	571	663	873
<b>Employer Funds</b>	3,060	1,960	2,390	2,850
<b>Employer Contrib.</b>	377	375	462	427
<b>Total Funds</b>	5,510	3,610	4,230	4,970
<b>Liabilities</b>	9,430	9,950	10,390	10,300
<b>Extent of Funding</b>	58%	36%	41%	48%

From the figures in the table it can be seen that:

1. Liabilities increased steadily from 2007 to 2011 and then had dropped slightly by 2015. Reduced investment income does not alter liabilities for a defined benefit scheme.
2. Member funds, employer funds and total funds all dropped dramatically in value between 30/6/2007 and 30/6/2009. At 30/6/2015 they were still below their 2007 levels.
3. Benefits paid each year since 2007 have been increasing as more people reach retirement.
4. All of the above had the effect of reducing the ratio of assets held to liabilities with the result that the 58% funding level of 30/6/2007 had dropped to 36% at 30/6/2009 and at 30/6/2015 had only partly recovered to 48%.
5. Member contributions have declined steadily since 2007 due to the scheme being closed to new members many years ago and membership numbers declining ever since.

All this raises two questions – firstly, how is it that member funds are recovering from the low levels of 2009 when member contributions are decreasing and benefits paid are increasing?

Better investment returns since 2009 are part of the answer but another factor is that the proportion of pensions paid from member funds has been reduced from 20.4% prior to 30/6/2010 to 14% since. This required the proportion paid from employer assets and contributions to increase from 79.6% to 86%.

Secondly – how is it that employer funds are also recovering when those funds are being required to meet an increased proportion of an increasing annual benefits cost? Improved investment returns are again part of the answer, the other main factor being increased employer contributions.

This different impact of poor investment returns on member and employer contributions is what is meant when it is said that the employer carries the investment risk for a defined benefit scheme.

Looking at the large amount of annual employer contributions, we must remember that most of this is a catch-up contribution made necessary by the fact that, prior to 1994, employers made no contribution to the scheme ahead of the time at which members retired.

For some years, the long-term aim for funding of the scheme has been to achieve full funding by 2034. Now the GFC may have put the State Government in the position of having to choose between a later date and a higher rate of funding.

*Ray Hickman*

## **New superannuation appointments**

**F**ormer State Treasurer, Kevin Foley, has been appointed Chairman of the *Funds SA* Board which invests the assets held by South Australia's public sector superannuation funds.

Former Senator, Don Farrell, has been appointed as one of two Government representatives on the *Super SA* Board.

*RH*

## Services for the Retired

### QANTAS Club Participation

As many as seventeen members of SA Superannuants have now joined The Qantas Club on a Corporate basis, saving substantially on normal Club membership. What's more, one person at least has joined up to our association in order to join the Qantas scheme!

For further information, or to inquire or join, or to transfer membership as a SA Superannuants member, contact Alan Raftery 0408 850 535.

## Affiliated Organisations

### Superannuation Federation

At the meeting held on Wednesday 25 November 2015, present from SA Superannuants were Clive Brooks and Christine Venning with Mike Wohltmann as proxy delegate for Peter Fleming

SA Superannuants put forward a successful motion asking Superannuation Federation to arrange a meeting between Unions SA and interested parties in EISS (Electricity Industry Superannuation Scheme). (See our own website).

Anthony Steele, Director Member Insurance and Account Services of Super SA talked about recommendations from the Murray report that have been adopted by the Federal Government, in particular:

- Taxation on superannuation is back on the agenda since the change of Prime Minister. There has been no statement of policy.
- Governance of superannuation funds. There would be a majority of independent directors on the board of corporate trustees of public offer superannuation funds. This will not apply to Super SA as it is state based.
- Objectives of the superannuation scheme will be enshrined in legislation.

He also reported that 2-3 years ago members called to get their balance. Now most are going online. In the past 6 months there has been a significant change that financial planners are

calling on behalf of members. These calls require much attention and time from Super SA staff.

Mike Grdosic, Portfolio Manager of Funds SA, was present. They have moved to 25 Grenfell st.

All options have performed solidly. The cash and bond rates are at a historic low. Europe 0% UK 0.5% and Australia 2%. Growth is expected to be mediocre.

Mr Grdosic will report at next meeting on the fee structure.

*Christine Venning*

## What's Up This Year

### 2016 in random glimpses

The Bureau of Meteorology calendar offers 13 brilliant, unusual and in some cases just lucky photographs. The science of each weather phenomenon is explained with diagrams. South Australia is represented in February (Willy-willy, now called Dust Devil, near Mt Bryan) and May (a rolling all-enveloping dust storm at Umuwa).

The Chinese Year of the Monkey begins on 8 February. The numbers 4 and 9 are considered lucky, especially in combination. Red is an unlucky colour for the Year of the Monkey, but South Australia can smile with Crepe Myrtle being the lucky flower. Were you born in 1944 or 1932? They too were years of the monkey.

Election year looms in the US (8 November) and for the Australian Federal Parliament. In both, the selection of candidates promises to be "interesting". Antony Green's ABC blog of psephology is bubbling already on an almost daily basis. The Northern Territory poll date is 27 August, the ACT 15 October.

Retiring in 2016 with a super scheme dependent heavily on shares may be unrewarding. You know what they say, it is all about "the long term".

But it is a safe prediction that now-retired Lleyton and Bec Hewitt will continue to be visible.

*David Donaldson*

## Has your age pension been reduced?

Starting from 1 January 2016 the tax-free amount for defined-benefit pensions has been capped at 10% of the pension's gross amount. The tax-free amount is an amount that is not counted in the Centrelink age pension income test. Over the period from 1 July 2007 until 31 December 2015, tax-free amounts up to and beyond 50% were allowed for some defined benefit pensions.

The Association's assessment of the size of the tax-free amount for Super SA pensions is that hardly any have a tax-free amount of more than 10%. This assessment was confirmed by Super SA. Consequently the Association is anticipating that, of its members who are getting an age pension payment, very few will have had the payment reduced since 1 January 2016 unless their income has increased.

**If you have experienced** a reduction in age pension without any change in your income or assets having occurred, it will be helpful for the Association to be informed. Ray Hickman has been following this issue and you can contact him by e-mail at raywen@bigpond.net.au .

RH

### Super shake-up for Tasmania

There is a firm intention for the Tasmanian state superannuation office to be dismantled with all that state's public sector schemes running under new arrangements by the end of 2017.

The *Tasmanian Accumulation Scheme*, which corresponds to South Australia's *Southern State Superannuation* (SSS) scheme, will cease being a public sector scheme and will be merged with a Tasmanian industry fund, Tasplan.

Tasmania's defined benefit funds will continue as public sector schemes but will be administered by an external manager who is to be selected by a tender process. A *Superannuation Commissioner* will be appointed by the Tasmanian Government and this single person will have control of the running of the defined benefit funds.

The Association is following this outsourcing development with interest.

RH

## Joining & Renewing

### Fees And How to Pay

#### **Current Fees:**

Annual Member: \$15, partner = \$5.  
Life Member: age under 60 = \$270,  
60-65 = \$220, 66-70 = \$160, over 70 = \$130.  
Partner Life Member = \$50.

**Receipts:** will be sent for Life Memberships. Please include a stamped self-addressed envelope for others.

#### **a) 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) Bank Transfers & personal deposits**

Please make sure that the payment is accompanied by your name, and suburb, and please notify the membership officer of the date and sufficient details to identify the payee.

**Bank SA: BSB 105-900  
Account number: 950313840  
Account name: SA Superannuants**

**c) New members** paying by one of these methods also need to 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 for new members to join, and existing members to renew their annual membership, convert it to a life membership or notify a change of address.

**Note:** 2015 annual-paying members and partners, see message on page 4.

**Consumer-Directed Care** was reported in October issue (44). The February 2016 issue of *The Senior* newspaper carries some reports of how this new system of funding for home care is working. For extensive background, see the MyAgedCare website or phone 1800 200 422. (I did so – excellent call centre).

DD

## Membership: Applications & Renewals

### Existing Members:

Our records show your details as:

Please indicate errors or changes:

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

First Name: .....

Last Name: .....

Postal Address: .....

### New & Renewing Members:

Payment Amount: \$.....

Purpose of payment (tick relevant box)

- Renew annual membership (\$15 p.a.)
- Life membership (see scale page 7)
- Change Annual to Life (see page 7)
- Partner annual membership (\$5 p.a.)
- Partner life membership (\$50)

Year of birth: .....

Telephone: .....

Home: ..... Mobile: .....

Email: .....

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

## On the Association Website

While the issues for 2015 of The Superannuant are reserved for members, the 2014 issues of the newsletter are now up on the website:  
[www.sasuperannuants.org.au/index.php?id=70](http://www.sasuperannuants.org.au/index.php?id=70)

Earlier issues are held at the archive pages:  
[www.sasuperannuants.org.au/index.php?id=73](http://www.sasuperannuants.org.au/index.php?id=73)

Our travelling members (and who is not) will find useful information under Key Topics in a Travel Insurance Overview.

As mentioned on p1, the nominations for the Committee are on the website. Find them at:  
[www.sasuperannuants.org.au/index.php?id=92](http://www.sasuperannuants.org.au/index.php?id=92)

## The Superannuant Issue 45

Items	Page
From the President: illness Speaker program February-June 2016 CPI change for April 2016	1
From the GM, Super SA A member writes	2
Nominations AGM Feb 2016 Speaker's Corner: Emergency readiness	3
From Your Membership Officer Concessions – Personal Alert scheme Super SA impact from GFC	4
... impact contd. Appointments to Boards	5
QANTAS Club Superannuation Federation What's up for 2016	6
Has your age pension been reduced? Tas. Super Shake-up / Fees & How to Pay	7
Membership applications & renewals Notes from our Website	8

All members: our columns A Member Asks and A Member Writes are open to you

Are you an Annual Member?  
or have a Partner (Annual)?  
For 2015 annual payers,  
this is the last issue.

**Membership Officer details are on page 1.**