

THE SUPERANNUANT

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

Membership Applications/Renewals

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The President's Column

Kelly Vincent, the SA Member of Parliament for Disabilities, recently pointed out the unwillingness of major political parties to work together on matters of importance. A frustration felt by other Independents like Nick Xenophon.

Two of our Commonwealth major parties now have teamed up to get rid of those "pesky" independents under the threat of a double dissolution; the excuse is that some independents "gamed" the existing voting system. Are there matters of potential importance to us retired people that may be lost as a result?

Why did it take so long to recently reduce some 400 overpriced pharmaceuticals. Why was it only 400. Of the prescribed drugs I take, I can buy all in Thailand or UK for 50-70% of the cost here.

Why are we singling out the notorious CFMEU when we know that malpractice and selfish behaviour towards customers are widespread in banking, accounting, financial services and the public service, perhaps with more damaging effects and certainly of more direct effect on us.

Some of these "pesky" independents are insisting that before they vote for the proposed Australian Building and Construction Commission the major parties should commit to set up parallel processes in all areas of potential corruption. The PM's response has been to chide the banks over "too many troubling incidents in recent times". But action like the proposed ABCC - apparently not.

Superannuation should be something on which all parties can agree. Kelly Vincent has a point.

Peter Fleming

Speaker Program for Monthly Meetings

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

May to November, 2016

May 30: Janice Spraackmann, former funeral director now marriage celebrant, *A funny thing happened to me on the way to a funeral.*

June 27: Jonathon Pope, Australian Hearing Centre, *Hearing loss in Australia: what Seniors need to know and how to avoid falling.*

July 25: Robyn Smith and Deborah Bluntish, Aged Rights Advocacy Service, *Seniors' Rights.*

August 29: Bob Moles, *Miscarriages of Justice and the Rule of Law in South Australia.*

September 26: Libby Craft, *The role of Wesley Care in the local community.*

October 31: John Naire, Bureau of Meteorology, *Providing service to all levels of government, industry and community sectors.*

November 28: Jason Shute, *Jason Shute, the biographer of Henry Ayers.*

Current details about speakers, including any changes, are given on the Website under Meetings > Next Meeting.

CPI Change: The Adelaide Consumer Price Index increase and adjustment to Super SA pensions from April 2016 has been notified in writing to members of that scheme.

From the GM, Super SA

Superannuation funds and superannuants expect super to again receive specific attention as the government seeks to find savings of around \$2B p.a. to improve the Budget position. Various changes have been proposed since the start of the year to reign-in concessions on superannuation by targeting high-income earners and removing arrangements that exploit tax strategies.

The government has issued a discussion paper on the objective for superannuation. The aim of the paper is to 'provide a way in which competing superannuation proposals can be measured and a framework for evaluating the fairness, adequacy and sustainability of the superannuation system'. The paper uses the Financial System Inquiry's primary objective of 'to provide income in retirement to substitute for the Age Pension' as a starting position, with a number of subsidiary objectives. It clarifies that superannuation and its associated concessions exist to fund retirement, not the transfer of wealth. However, this does not consider that other forms of investing have concessions without such a restriction.

While such policy proposals are intended to improve fairness and efficiency, they rarely tackle existing arrangements and therefore in the short to medium term add inevitable complexity and further processes to the administration of super. These costs are born by members before they provide any savings. There is growing concern that long term plans don't fit into an uncertain policy environment.

As funds under management in superannuation now exceed \$2Trillion and will continue to grow towards \$9Trillion by 2040, the Age Pension will most likely become less and less relevant. People will become aware that the only way to achieve their desired lifestyle in retirement is to save for it, but this message has yet to be fully accepted. A recent survey⁽¹⁾ showed that 43% of respondents still expect to need a partial Age Pension to supplement their own retirement savings.

(1) IPSOS / MLC Australia Today Australia today – Part 2
A look at lifestyle, financial security and retirement in Australia

John Montague

Our Members Write

Dear Christine

In case they feel unappreciated, I write to thank all who contribute to *The Superannuant* and in particular yourself and RH as well as John Montague for information about the Defined Benefit scheme. With many thanks.

Michael Grant

Dear Christine Venning

Thank you very much for *The Superannuant*. It is much appreciated. We hope that Peter Fleming is continuing to progress and wish him all the best.

There was an important letter in the *Tiser* by Ray Hickman, 'Hands Off Cash'. Ray commented on the new board appointments. Should we be alarmed about the new Chairman of Funds SA? Is this a softening up process?

Is it a sign that the government will pass laws to change the status quo in order to access funds? I think not, but I cannot help but wonder.

Yours sincerely

Derek Medhurst

Committee for 2016

President **Peter Fleming**

Vice-President **vacant**

Secretary and Website Liaison **Christine Venning**

Treasurer **Michael Evans**

Membership Officer **Max Jahn**

Assistant Secretary **Gail Munro**

Guest Speaker Co-ordination **Mike Wohltmann,
Ian Beckingham**

Committee Members

Arnulf Anders, Clive Brooks, David Donaldson,

Ray Hickman, John Parkinson

Observers

Eileen Pritchard, Mike Duff

Website Manager **Peter Frick**

Constitutional provisions are on the web-site:
Home > Annual Committee Elections.

A Significant Event

At the 2016 Annual General Meeting, a significant event was the retirement from the Committee of its longest serving member.

Vic Potticary joined the Association in 1981, had a short stint on the Committee in the early 1990s and then served continuously from 1997 to 2015 as Vice-President, Secretary, Assistant Secretary and Newsletter co-editor. Vic was a devoted Trade Unionist who believed in justice and a fair go. It was these qualities which brought unflinching integrity to everything he did for SA Superannuants.

Vic's experience in the union movement while at work and with retired union members' organisations during his retirement, and his contacts with members of Parliament, have all been invaluable to the Association throughout. Vic was made a Life Member in 2007.

From his printing industry expertise, Vic was responsible for our newsletter making the transition from a set of simple sheets to a well-structured document. It was Vic who suggested strengthening the title from 'SA Superannuants Newsletter' to 'The Superannuant'.

Super SA was the last of the state government superannuation offices to offer post-retirement products in its accumulation scheme, the *Southern State Superannuation* (SSS) scheme. Our state treasurer was reluctant to allow this obvious service. Vic argued to the Senate Committee that post-retirement products for SSS members had no cost implications, so the state government had an obligation to provide them. Vic's submission had the effect of mobilising support for post-retirement products by the public sector unions. Without Vic, SSS members may have had to wait a lot longer for this benefit.

At the personal level Vic has been a supporter of other committee members in the work they do for the Association. During my tenure as President, I relied heavily on Vic's loyalty and competence in the role of Secretary. All of us wish him well for the future and acknowledge the fine contribution he has made over so many years.

*Ray Hickman
For the Executive Committee*

Know Your Committee

Arnulf Anders

Born Germany 1941. Began as Coppersmith followed by degree in Engineering. Worked three years with MAN. In 1968 travelled in Japan and South East Asia for 13 months, ending in Darwin and Department of Works for one year. Then travelled in New Zealand and South America for eight months. Returned and worked in Germany for one year and married an Adelaide girl. Both travelled to Johannesburg, South Africa, via the Sahara, West, Central and East Africa for five months. Three years with Consulting Engineers in Johannesburg. Started with PBD in Adelaide in 1975; moved around other government departments in later years. Gained Graduate Diploma in Business Administration from UniSA in 1988. Retired at 60. Interests: travel, audio-books, reading, gardening, computing, investment, committee-work, web-master. *Committee member.*

David Donaldson

Moved in a public service family around NSW, including Broken Hill, graduated from University of Sydney. Worked for film festival, then with adult education at Armidale NSW and in Papua New Guinea. In the first batch of lecturers when Further Education opened in South Australia, teaching Supervision and Communication. Finished in early 1990s on some interesting projects in curriculum. Now learning-by-doing with Word computer program. Advocate for social equality and for film as an art. Living in North Adelaide, interested in management of retirement villages (like to hear from others). *Co-ordinator of newsletter.*

John Parkinson

My career, 1964 to 2014, was mainly centred on financial roles and included some 20 years in the Treasuries of SA and of NT (8 years) when it became self-governing in 1978. From 1994 I became involved in water management reforms, including the upgrade of irrigation systems and corporatisation of SA Water. My final position was as a consultant with Rural Solutions SA. Professional qualifications include MBA, FCPA, and FCIS. *Committee member.*

Some other members: see issue 43, June 2015.

Financial Reports

In previous years it has been our practice to publish the Audited Financial Statements of the Association in the May/June issue of The Superannuant. This year we have decided not to do this and instead have published them on our website, resulting in saving in publishing whilst still making the information available to members. See the drop-down from Home.

Michael Evans, Treasurer

Speaker's Corner

How would you like to live in a city built inside a park? Sounds good doesn't it? Well you do. You live in Adelaide. Colonel Light gave us 4500 square metres of parkland, of which each year we lose, on average, the size of 7½ tennis courts.

Our guest speaker in April was Shane Sody of the Adelaide Park Lands Preservation Association.

His computer took us on a photo tour to show us the intrusions – Royal Adelaide Hospital, State Library, Police Barracks, Aquatic Centre, netball courts and loads of other sporting facilities, Pavilion on the Park and sheds of all sizes and conditions, and the list goes on.

It also seems we never get parkland back. When the City Baths (built in 1860) were knocked down, the Festival Theatre was built in their stead in the 1970s. No city in the world boasts what we have. Indeed if a city were to copy our parklands it would cost billions. But familiarity breeds contempt: we – and the corridors of power -- won't appreciate what we have until it is no more.

Shane did not give an emotional talk, though you could sense his passion for his subject. He provided members with concrete examples and facts and figures. When the Adelaide Parklands Act was passed in 2005, he had hopes but unfortunately lawyers find loopholes. Even the Natural Heritage listing of 2008 is not sufficient to stop the parklands being gobbled up.

It has been said that the parklands are a masterpiece of urban design. But no accolade is strong enough to stop the destruction.

Google for 'Adelaide Park Lands Preservation'.

Christine Venning

The Association's Constitution

Compliance Achieved in 2010

After some years as a member of our Association, I was instructed by the Committee to attend to several issues concerning our Constitution. It was the opinion of Associations branch of the Office of Consumer and Business Affairs that the constitution was not in compliance with statutory requirements. This was early in the year 2010.

By reference to the then-current statutory requirements set out in the South Australian Associations Incorporation Act 1985, I drafted amendments for consideration at the February 2010 Annual General Meeting.

Rule 6.6. Disqualification of Committee Members was amended to match the statutory requirements. Expulsion from membership or disqualified by failure to comply with statutory requirements.

Rule 12. Notice of proposed elections to the Committee. This provision is intended to reduce the risk of a takeover by stealth of our Association. For the first time in the history of our Association, every member was to be informed of the names of persons seeking election to the Committee. Not just the very small percentage of persons who attend the Annual General Meeting will be informed of the identity of the candidates.

Rule 15.6. Proxy. A member shall not be entitled to appoint a natural person who is also a member of the Association to be their proxy at any general meeting of the Association.

Rule 26. Expulsion of a Member. One day your committee may have to use this provision. If so, the new procedure will ensure natural justice and so deter any subsequent litigation. I will never forget that at the 2010 Special Annual General Meeting, a member publicly accused me of drafting that provision just to target him!

Clive Brooks

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.

Federal Budget 2016

As anticipated, the budget outlined proposed changes to superannuation tax rules that, if implemented, will see high-income individuals paying more tax on superannuation contributions and earnings. The main changes for **accumulation schemes** and/or **account based pensions** are:

Pre-retirement

1. The maximum annual amount of concessional (pre-tax) contributions, currently set at \$30,000 for people under 50 years of age and \$35,000 for older people will be reduced to \$25,000 for everyone from 1 July 2017.

2. The current arrangement, allowing non-concessional (post-tax) contributions of up to \$180,000 pa or \$540,000 every three years, is to be replaced, from 1 July 2017, by a lifetime limit of \$500,000 with all such contributions made since 2007 contributing towards this limit.

Transition to Retirement

The current arrangement allowing people to open a 'Transition to retirement income stream' while still working part-time or full time sees the earnings of the account balance driving the income stream exempt from tax. From 1 July 2017 these earnings will be subject to tax at a rate up to 15%. This is the only proposed change that has the potential to adversely affect people with relatively small superannuation holdings.

Full retirement

The current arrangement allowing people to have an account-based (allocated) pension where the earnings of the account balance, no matter how large that balance is, are exempt from tax is to be replaced by an arrangement which sets a maximum of \$1.6 million on the account balance for which earnings will be tax-free. For example, where there is an account balance of \$2.0 million the person will have to transfer \$400,000 to an accumulation account where the earnings will be taxed at a rate up to 15%. If this \$400,000 earns (say) 5% (\$20,000) the tax payable will be up to \$3,000.

For defined-benefit pensions, the budget papers (Budget paper No 2, p26) state that 'Commensurate treatment for members of defined benefit schemes will be achieved through changes to the tax arrangements for pension amounts over \$100,000 from 1 July 2017'. This 'commensurate' treatment will be as follows.

For Super SA and other untaxed-source pensions above \$100,000 pa, the 10% tax offset available at age 60 will not be able to be claimed on the amount in excess of \$100,000. This would see a person with a pension of \$120,000 being able to claim a tax offset of \$10,000 rather than the \$12,000 that can be claimed now.

For taxed-source defined-benefit pensions such as those paid by other state governments, the amount of pension up to \$100,000 will be tax-free with any additional amount being halved, added to taxable income and then taxed at the marginal rate for the person's resulting taxable income. For a pension of \$120,000 this will see the person assigned additional taxable income of \$10,000. The threshold above which tax becomes payable is \$18,200 and so a person with a taxed-source pension of \$120,000 will only pay extra tax if they already have other taxable income of more than \$8,200. If there is no other taxable income, taxed-source defined-benefit pensions will continue to be tax-free up to \$136,400 p.a.

For much detail on the Government plans, go to the web for Budget.gov.au, click on 'Budget Documents' and then 'Fact sheets'. For the Opposition's plan, go to alp.org.au, click on 'Positive Policies' and then 'Keeping Super Fair'.

RH

Super & Age Pension Alerts

The Ten Per Cent Cap

The Australian Council of Public Sector Retiree Organisations (ACPSRO) currently has as its major concern a campaign against the 10% cap applying since 1 January 2016 on the gross amount of a defined-benefit pension that is exempt from the Centrelink age pension income test. The campaign is seeking either removal of the cap or grandfathering of the arrangements that applied over 1 July 2007 and 31 December 2015. SA Superannuants is affiliated with ACPSRO but we are neither supporting nor opposing ACPSRO's efforts. We have taken a position which matches the way exempt amounts are determined for Super SA pensions, and the defined benefit pensions paid by the Commonwealth. These, like our South Australian pensions, are paid from an untaxed-source. *Cont.*

An article on the 10% cap appeared in issue 44 (October 2015) of *The Superannuant* and advised members that information received from Super SA was that about 40 out of the 15,000 recipients of Super SA pensions had pre-1 January 2016 exempt amounts above 10%, with all of these being in the range 10% - 12%.

In issue 45 (February 2016) of The Superannuant members were invited to advise the association if the 10% cap imposed on 1 January 2016 had affected them adversely. There was no response to this invitation which is a further indication that the measure will have little, if any, impact on recipients of Super SA or Commonwealth defined benefit pensions.

The SA Superannuants position on this matter is that the 10% cap, while not ideal, is reasonable because the pre-January 2016 arrangements saw significant numbers (tens of thousands) of pensions paid in other states having exempt amounts ranging up to 50% (or more). There was no good reason for such a large difference between exempt amounts for these pensions and those paid in South Australia or by the Commonwealth. The Association's assessment is that there is no significant political support for the continuation of these large exempt amounts.

We have put to the Federal minister a proposal that exempt amounts above 10% should be allowed where they are due entirely to personal contributions made from after-tax income. This would have seen the exempt amounts for all defined-benefit pensions being determined on a more equitable basis. It would also have left the savings generated by the cap largely intact. However, our proposal has been rejected by the Minister.

Michael Evans

Alerts for the Retired

Warning - Ransomware

Last month I was caught by a ransomware virus. I had bought a book from the USA. An email, allegedly from FedEx, said they were unable to deliver a parcel to me. I opened a zip file attached to the email, did not unzip anything in the file, nevertheless it released a nasty virus that encrypted all of the Excel and Word files on

my hard drive. A note appeared saying that I had to pay \$300 for the key to unencrypt them!

My virus checker (Total Defense) was up to date but had not detected this virus. Fortunately, I had backups for almost all my files, involving me in a few hours of reconstructing files. When another email arrived with a zip attachment, I deleted immediately - holding down the Shift key when deleting rids email and attachments permanently.

Zip-file attachments appear to be common carriers for ransomware viruses, so be very, very sure you trust where such files come from before opening them. And be aware that viruses often travel along from someone you know. **Above all, back up regularly and often.** Richard Pascoe, the Adelaide Tech Guy, has malware help: just search on his website for '11 Steps Guide'.

ME

Preparing for the Election

For those of us uncertain about the new forms of voting paper, the Australian Electoral Commission has prepared a webpage. Google for 'Practise Voting Australia' to work out for yourself.

The Council for the Ageing has set up a webpage to gather election opinions from older people. Just google 'COTA Older Australians Vote'.

DD

Affiliated Organisations

Superannuation Federation

Present at the February meeting were Clive Brooks and Christine Venning, with Mike Wohltmann as proxy delegate for Peter Fleming. At the November meeting, SA Superannuants had requested that the Federation facilitate a meeting with parties involved in the EISS* matter. This has not been done so far. We reiterated the request for a meeting with SA Unions.

John Montague, General Manager of Super SA, noted the current trends in member feedback, which focus on financial management. He reported on various changes that the Federal Government may or may not introduce, including a requirement for superannuation contributions not to be made at all in the case of low income earners, which is extremely concerning.

An investment report was presented by Mike Grdosic, Portfolio Manager of Funds SA and Jane Dharam, Relations Manager. Low returns over recent months were highlighted although Funds SA also noted that their overall recent performance has been above peers. In response to a question on notice received at the previous meeting Mr Grdosic reported that Funds SA's investment fees were in line with or below. Fees have increased over recent years due to greater investment in alternatives with higher fees.

The Superannuation Federation has received notification from the State Government that it plans to vary a number of superannuation statutes to ensure the public sector superannuation schemes remain relevant. For the Southern State Superannuation, some alterations are:

Early access In order to allow members more flexibility in managing the tax treatment of their distributions, the draft regulations replace the 12 month restriction with a restriction that would permit applications for an EATS payment once in any financial year.

Death benefits The draft regulations facilitate the introduction of a limited binding death benefit nomination. The death benefit would be payable to the legal personal representative of the deceased member, where validly nominated. The death benefit would be distributed from the deceased's estate in accordance with the will, thus circumventing the automatic payment of the benefit to the member's spouse.

Also included in the background papers were aspects of the Fraser Governance Review, in particular on good governance and not-for-profit superannuation funds. The Senate has signalled it is unwilling to support the *Superannuation Legislation amendment (Trustee Governance) Bill*.

The next meetings will be held in June, August and November. Please feel free to contact the Secretary (see p1) about any questions on any matter raised in this report.

Christine Venning

*Electricity Industry Superannuation Scheme

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.

Advice about 'Word', please: Your Newsletter is put together with some stumbling. Is there a member, expert in Word, who could give advice as odd problems come up?

Member Contact & Payments

Existing Members:

Our records show your details as:

<<title_initials>><<last_name>><<paid_to>>

<<address_1st_line>>

<<address_2nd_line>>

<<address_3rd_line>>

<<partner_member>><<partner_finance>>

Please indicate errors or changes:

.....

New Members: Title: Gender:

First name: Last name:

.....

Postal Address:

.....

Year of birth:

Home phone:

Mobile phone:

Email:@.....

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 page 7)

Partner annual membership (\$5/annum)

Partner life membership (\$50)

Email address please if we do not yet have it:

.....@.....

Signature: Date:

<<title_initials>><<last_name>>

<<address_1st_line>>

<<address_2nd_line>>

<<address_3rd_line>>

You are receiving this Newsletter because *you* are a member. Show it to a retired friend who would like to join!

On the Association Website

People considering membership of the Association will presumably look up our website to see what we do. To give a current picture, there is now under 'The Superannuant' a snapshot of Issue 45 (February 2016).

Financial reports for 2015 are now on website, as notified by the Treasurer on p4 of this issue.

Commonwealth Seniors Health Card

Member Mike Duff has contributed a summary update of the benefits flowing from the Card as at January 2016. *Find* under 'Key Topics'.

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