

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

In 2004 the Commonwealth Government, under voter pressure, trimmed the then excessively generous parliamentary pensions. However, it also bowed to the pressure from the politicians to restrict these changes to new MPs only. Retrospectively, they cried, is "unfair"!

Fast forward to 2017 and the age pension rules for ordinary people are being changed - about 170,000 will receive a little more and one third of a million will receive less or nothing at all. Retrospectivity is now "fair"!

During the mining boom the Commonwealth's coffers were overflowing. The Government widened the eligibility criteria for the age pension and the Commonwealth Seniors Health Card. The coffers are now empty, hence the current trims.

I guess that we are all a bit "entitlement prone". We all have different points of view of fairness, and we tend to want others to make the sacrifices in tough times. However, that does not mean that we relax our vigilance in identifying "unfairness" and "inconsistency". We need to call our leaders to account when they and their political donors do not want to share the burden. If retrospectivity is good enough for age pensioners to wear then it is also good enough for our political leaders and the wealthy.

Free trips for politicians' families to resorts are hard to justify. The former Minister for Health resigned over questionable trips to the Gold Coast -- but she is being replaced by a man who took his family several times to Hayman Island at our expense. Seems to be somewhat "unfair" and "inconsistent".

To us mere mortals it looks like rorting is widespread. We must take care when we rightly jump hard on these practices that we have our own houses in order. 2017 looks like being a wild ride! Happy new year!

Peter Fleming

Speaker Program for Monthly Meetings

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

February-June, 2017

February 27: Annual General Meeting (see p2).
Brian J. Ward and Brian P. Ward, *Anglicare dealing with social disadvantage*.

March 27: **Kathy Williams**, Office for the Ageing (SA Health), *Prosperity through Longevity action plan 2014-2021?* A particular focus of the State Ageing Plan is safeguarding the rights of older people and preventing elder abuse.

April 24: **Jane Mussared**, CEO of COTA SA,
What are the challenges for our senior citizens?

May 29: **Sergeant Ange Clissold**, *Elders protecting themselves in a digital world*.

June 26: **Gerry Feltus**, *Talk about his new book, "The Unknown Man"*.

July 31: **Michael Wohltmann**, author, *The Great War and the treatment of German-Australians in South Australia 1914-1924*.

August 28: **Sharon Cleary**, Manager, Anzac Centenary Unit, *The importance of the Anzac legend in Australian culture*.

September 25; October 30; November 27: TBA.

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

Annual General Meeting 2017

Monday 27 February at 1pm
Pilgrim Centre, 12 Flinders Street, Adelaide

Agenda

1. Apologies
2. Minutes of the 2016 Annual General Meeting
3. Annual Reports: President, Treasurer
4. Membership Discussion
5. Election of Officers and Committee

Guest Speaker: See p1

Nominations for the 2017 Committee

Nominations were received by the closing date, 21 January, for a number of positions. Those nominations will be displayed on the website.

Where a nomination has been received for a position and not been withdrawn, further nominations may not be made at the AGM: the vote will be as to acceptance or rejection.

For any vacancies, nominations will be welcome on the day. On the website, the constitution is to be found under *Information*.

Equipment for Meetings

The association has seen fit to buy a data projector with matched laptop computer. Many guest speakers seem to require this equipment these days. In the past, committee members have brought their own gear to support the speaker, but difficulties do occur with availability and compatibility.

After researching some technical aspects, we now have our own equipment. Three committee members are training up in its use. The operating team will ensure it is available for every meeting. Speakers who want to show pictures or other data just need to supply us with a memory stick containing their items. Notice as short as the morning of the meeting day, and any other requirements, can now be catered for.

Max Jahn

National Affiliation

Our association is a member of the Australian Council of Public Sector Retiree Organisations. ACPSRO (for short) has member bodies from states level and federal level. It is a primary channel for us to connect to changes in federal tax and benefits policies and programs. Meetings are held, usually in Canberra, several times a year. Our delegate generally has been Michael Evans.

For ACSPRO's annual general meeting at the end of 2016, the delegate was our secretary, Christine Venning. Christine was elected to the committee of ACPSRO.

The meeting confirmed that the priority action concern is indexation of public service superannuation pensions at the CPI, whereas the age and other government pensions are indexed more generously. A working party was set up.

DD

Financial Planning Services

At this time of change in age pensions and tax on investments, members might like to check over their financial plans. Advice is available to members of Super SA funds through Industry Fund Services. Initial consultations are free via a call to 1300 138 848.

The Knowledge Centre of Super SA website describes the services from IFS and also gives a number for finding a private planner through the Financial Planning Association, 1300 626 393.

> Are you thinking of nominating a friend, or even yourself at the AGM? Volunteers are needed in understudy roles as well. Can you read a proof? Summarise a talk? Website whiz? Superannuation savvy? Adept at policy papers? Contact any committee member please.

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.

From the GM, Super SA

The end of year holidays, bringing families together, should be happy occasions. They can also highlight that parents and elderly relatives are not as strong or as healthy as they used to be, so potentially are not able to maintain their independent lifestyle.

The next step which often falls upon the family is to work out what is best for the person and what can be done to assist. This process is often emotionally tiring and complicated. The consequences of these decisions have significant ramifications, which can affect retirement plans, lifestyle and pension entitlements.

Enduring Powers of Attorney (EPA) can be important tools to ensure that an individual's best interests are maintained in a financial, personal and medical sense. An EPA is a legal document where an individual appoints another person (or people) called Attorney(s) to make decisions on their behalf, should they become unable to make such decisions themselves. EPA really needs to be in place while the person is able to understand the consequences, to determine what powers to give the attorney and to provide the attorney with guidance regarding the medical or financial decisions that later may have to be made.

There are many resources which can assist. Most start with the advice, '*don't leave it too late to put arrangements in place*'. Planning for the future is to ensure that your wishes are clearly understood and that you will get the outcome you planned.

To this end, Super SA allows Triple S members and Flexible Rollover and Income Stream product holders to appoint a Legal Personal Representative (also known as a Binding Nomination), which enables your superannuation benefit to be dealt with by your estate in the event of your death.

More information on Legal Personal Representatives for Super SA, with a fact sheet and form, can be downloaded from our website at www.supersa.sa.gov.au. On EPA, or generally planning ahead, go to www.sa.gov.au for topics/family-and-community/planning-ahead.

John Montague

Speaker's Corner

The guest speaker for October, John Nairn, is regional director of the Bureau of Meteorology in South Australia. The talk was timely, given the extreme weather events in spring in SA and the heatwaves of early summer.

Heat waves are a natural hazard in Australia, arguably more hazardous to human life than bushfires, tropical cyclones or floods. In the 2008/2009 summer, many more lives were lost to heatwaves than to the bushfires that were among the worst in our history.

Southeast Australia's 2009 extreme heat resulted in 58 related deaths in SA and in Victoria 374. The comparable 2003 extreme wave in France recorded approximately 15,000 excess deaths, a 4:1 excess mortality. It shows impressive resilience and adaptation by our emergency services.

Several definitions of 'heatwave' exist. In Adelaide, the general metric is five consecutive days with maximum temperature at or above 35C or 3 consecutive days with maximum temperature at or above 40C. Nairn and Fawcett* have devised a new index, Excess Heat Factor (EHF). A three-day average daily *mean* temperature (*not* maximum) captures heatwave intensity as applying to human health. By monitoring the intensity of impending heatwaves, it is useful to SES, SA ambulance et al in responding to crises.

Valuable work done is by volunteers in collecting data on rainfall, temperature and wind speed and direction right across the state. In some cases, by several generations of family members.

There ensued a brief period of discussion and questions from a lively and appreciative audience of members. Special thanks were due to John for "squeezing us in" between other engagements.

Ian Beckingham

*John is a PhD candidate at Adelaide University, researching the nature and severity of Australian heatwaves. He has co-authored with Robert Fawcett the CAWCR Technical Report No. 060 (available on line).

Mike Wohltmann requests: Any member of the Association who would like to contribute as Guest Speaker is very welcome. Other suggestions of speakers, ditto. Please contact the Committee.

Members' Mailbag

Expensive Instability

I read the President's column (September 2016) with interest and certainly do not think that he is whingeing. The problem is not only found in Australian motels but can be in the smartest of hotels around the world.

In 2013 my wife and I headed to Italy for a six week holiday and stayed at an upmarket 5-star hotel in Dubai. On our very first night my wife slipped in the shower and crushed two vertebrae in her back. That required several nights in hospital, an immediate return to Australia and months in a back brace.

The shower had no grab rails, no shower mat and very shiny tiled floors. As soon as soapsuds got on the floor it was extremely slippery and no way to stop the fall once you were off balance. A shower mat worth a couple of dollars would have saved us a great deal of pain and expense.

I always enjoy reading The Superannuant, thank you to all of the Officers and Committee.

Rod Hand

A Costly Health Trap

Two years ago, I changed health insurers from BUPA to Medibank Private, a move that was to cost me dearly. In 2016 I had my prostate removed by robotic surgery. Among other expenses was a sum of \$3,540 for consumables, for which Medibank reimbursed me nothing; if I had still been with BUPA, they would have reimbursed me the full amount.

Medibank did not warn me what I would be giving up on joining them. I wrote questioning their policy that only an ill-informed man would use them as his insurer but they did not reply.

I have told my urologist that he should have warned me that different funds reimburse different amounts for the consumables, giving me the chance to change funds again (plenty of time, I had been under treatment for 12 years). Indeed, I think all urology practices ought to advise everyone referred to them of this.

I doubt if this is the only example of such a trap

for the uninformed. If any of you knows of other examples I encourage you to send them to the Secretary.

Michael Evans

SA-S Documents to SLSA

Thanks to a donation by long-time member and researcher Mike Duff, some of the basic papers from the history of our Association are now lodged in the State Library of South Australia.

They include the Constitution; a certified copy of the certificate of incorporation as South Australian Government Superannuated Employees Association (5 July 1975); certificate of registration of the business name SA Superannuants (5 May 2000); newsletters from March 1995 to Aug/Sept 2013 and other papers.

The accession, numbered ACC2576, is not yet fully processed but will be available for viewing.

David Donaldson

Information Resources

Home Care Package or Village?

Staying out of residential care (nursing home) by drawing on Home Care Packages? That is, the Package help in the home at a level above Commonwealth Home Support Program ex-HACC. Uncertain about the scheme or looking for providers? Third-party information for both consumers and providers has been set up by COTA as a national 'resource hub' called Home Care Today. Just enter that title to reach the site.

Heading in the retirement village direction? An on-line directory 'Where To Live' has been launched by the monthly newspaper, The Senior. You can search by region or name of institution for both villages and residential care.

> Comment to this Association would be welcome from members who have had experience with Packages or Retirement Villages.

DD

From Your Membership Officer

Statistics at beginning of 2017

Life members 1023, annual members 227, partner members 101. Total membership 1560, a reduction of 35 from this time last year.

During 2016 we gained 58 new members: 17 life; 28 annual; 13 partners.

The losses included: Returned from addresses 13, Deceased 19 (we know about).

209 annual members have not paid for 2017. It is always a worry, at this time of the year, that we are still over 200 members short of paying their annual \$15 fee for the now current 2017 year.

If you are one of these members, you will read "OVERDUE" alongside your membership status on the back page of this newsletter or in the covering letter for your email copy. Please get your dues, in multiples of \$15, in to me NOW. Otherwise: THIS IS YOUR LAST NEWSLETTER.

Max Jahn

Donations, thanks!

We were excited to receive a donation for \$950 from one member who actually lives interstate. Our President rang him to express our gratefulness and describe how we will make use of the windfall.

From time to time a few of our life members forget they have already paid their dues, and try to pay again. On my call to explain their mistake, most decide to let it become a small donation, for which we of the committee are grateful.

We thank those who have made complimentary statements about our association and what we do to ensure our pensions are not in any way eroded. Where appropriate, I share your comments with the committee.

Max Jahn

> **Did you try out** how super pensions are falling behind current salary levels, or indeed behind age pensions, from Feb. 2016 issue? Just look up 'scoa' plus 'indexationtool'.

Arnulf Anders

Alerts for Retired Persons

Changes in means testing

After being legislated in 2015, changes to the assets test came into operation on 1 January 2017. They were substantial. They have had an adverse impact on a section of the retiree population that would have included many Coalition supporters. There could be other changes on the way.

The changes included an increase in the thresholds above which a person or couple begins to receive less than a full age-pension payment. This increase has made some people, with assets close to the new thresholds, better off -- but not those with larger assets.

The change causing the adverse effect is an increase in the taper rate from \$1.50 to \$3.00 for every \$1000 of assets above the thresholds. For a couple, this has reduced the asset value at which eligibility for a part age-pension cuts out from \$1,178,500 to \$816,000. For a single person the reduction was from \$793,750 to \$542,500.

The tables below compare the asset threshold and cutout values with those for the income test, which has not been changed (yet).

Thresholds and cutouts - Couples

	2016	2017
Asset threshold (AT)	\$296,500	\$375,000
Income threshold(IT)	\$7592 p.a.	\$7592 p.a.
AT as a multiple of IT	39	49
Asset cutout (AC)	\$1,178,500	\$816,000
Income cutout (IC)	\$76,358	\$76,358
AC as a multiple of IC	15.4	10.7

Thresholds and cutouts - Singles

	2016	2017
Asset threshold (AT)	\$209,000	\$250,000
Income threshold(IT)	\$4,264 p.a.	\$4,264 p.a.
AT as a multiple of IT	49	59
Asset cutout (AC)	\$793,750	\$542,000
Income cutout (IC)	\$49,873	\$49,873
AC as a multiple of IC	15.9	10.9

The figures in the tables show that:

i. in 2016, near the thresholds, the asset test was soft compared to the income test and it is even softer now. The asset test thresholds have

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from p5

increased from 39-49 times to 49-59 times those for the income test.

ii. near the cutout values, the asset test has hardened considerably as a result of the 1/1/2017 changes. The asset test cutouts have reduced from more than 15 times to less than 11 times those for the income test.

iii. the asset cutout values are now only about 2.2 times as large as the thresholds whereas previously they were about 4 times as large. So, while the asset test is soft near the thresholds, it hardens very quickly. The income test cutouts remain at about 10-12 times the thresholds.

Most **defined-benefit** pensions, including Super SA pensions, are asset test exempt. People getting these pensions will not have been affected by the changes of 1/1/2017 unless, in addition to the defined-benefit pension, they hold assessable assets that are many times the annual value of the pension.

However, it would be naive to think that further attention will not be given to further changes in means testing. Future changes that could adversely affect age-pension payments for defined-benefit pension recipients include:

- i. removal of the asset test exempt status of the super pensions.
- ii. an increase in the income test taper rate above the current standard rate of 50 cents. If this happens it will see the age-pension taper rate at its highest level ever.
- iii. abolition of the transitional age-pension system. This allows people who had commenced an age pension before September 2009 to continue using the previous taper rate of 40 cents.

The Association will be arguing against any such changes should they be proposed, but with the change to the asset test having been made, and the political scene likely to be dominated by 'budget repair' for years to come, this will be difficult.

Ray Hickman

Superannuation-Pension Alert

That "tax free component"

A member has contacted the Association about a problem he has with his pension's *tax-free component* (also known as the undeducted purchase price, UPP).

The tax-free component of a Super SA pension is an amount related to the personal contributions made from after-tax income during a working lifetime. It reduces the tax payable on the super pension and increases the amount of age, or veteran's affairs, pension a person is eligible to receive.

As far as the writer knows, **prior to** the superannuation reforms of 2007, Super SA should have supplied each person commencing a pension with the information needed to determine its undeducted purchase price. **Here the responsibility of Super SA ended.** The pension recipient had to forward the information to the Australian Tax Office (ATO) which used it (and, possibly, other information from the person's tax history) to determine an annual amount that the person was allowed to claim as a tax deduction for the rest of his/her life and as a reduction in the amount of the pension counted by Centrelink in its age pension income test. **The ATO did not provide this annual amount to Super SA.** As long as Super SA had provided the initial information it was under no obligation to know what any member's undeducted purchase price was. However, one would expect Super SA to have retained a record of having provided the information and what it was.

After the superannuation reforms of 2007, it became the responsibility of all superannuation funds to calculate, for every one of its members receiving a defined-benefit pension, an amount identical, or closely related, to the undeducted purchase price. To add a bit of confusion this was given the new name 'tax free component' and the two names have been in use since.

People affected included those who had already commenced their pensions. In the case of untaxed-source pensions like those paid by Super SA, the tax-free component of a pension was supposed to be exactly the same as the

CPI Change: The Adelaide Consumer Price Index increase for July 2016–December 2016 was 1.11%. This same adjustment will have to be made to Super SA pensions from April 2017.

undeducted purchase price that the member was already claiming.

However, it appears that when Super SA contacted its members, to find out what this amount was, not all responded. In these cases Super SA was authorised by the tax office to make an estimate.

Our member commenced his pension before 2007 and believes that he was not provided with the information that he should have been provided with at the time. He went for years without claiming a tax-free component/undeducted purchase price. This saw him pay more tax than he should have and receive less in veterans affairs pension. He is now trying to recover these losses and the Association is assisting him as best it can.

The Association would not ordinarily get involved in a matter like this and rely simply on what a member says has happened. We have done so in this instance only because our member has provided us with documentation indicating that he is not likely to be mistaken about not having been given the information he should have been given at the time his super pension commenced.

This makes it possible that others might have been similarly not informed. Alternatively, people might have been given the information and not realised its significance.

What should you do? Check your 2016 annual payment summary from Super SA, which lists your tax-free component*. If it says that the amount is \$0, a possible explanation would be that you commuted some of your pension and elected to have your personal contributions returned to you as part of the lump sum you received.

But if your tax-free component is \$0 when you did *not* commute, you should contact Super SA and seek an explanation for why your tax-free component is \$0. If, after this, doubts remain you should feel free to contact the Association.

Ray Hickman

*Also shown, in fortnightly figures, in the statement on CPI adjustment sent each six months by Super SA.

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 postal 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 its date and sufficient details to identify you as the payer:

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

c) New members

When 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.

From The Superannuant, #18, February 2007 -
The Officers were Ray Hickman, Vic Potticary and John Reddaway. Impending federal changes in superannuation were a major concern. Life member Tony Starke of Gawler wrote in about the newfangled Tax Offset. The CPI adjustment was 0.76%. At the AGM, the speaker was to be The Hon. Vicki Chapman MP, deputy leader of the state opposition.

Member Details & 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

New and 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)

Email address currently please

.....@.....

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

On the Association Website

The home page gives our motto: Unite, Protect, Represent -- relevant to any member of any SA government superannuation scheme, retired or still at work. (Tell your friends).

While the current issue of The Superannuant is reserved for members, the 2016 issues of the newsletter are now up on the website:

www.sasuperannuants.org.au/index.php?id=70

Earlier issues are held at the archive pages:

www.sasuperannuants.org.au/index.php?id=73

Thanks to our volunteer web-master! - DD

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> All members: our columns A Member Asks (about facts) and A Member Writes (opinion) are open to you.

Are you an Annual Member?
or have a Partner (Annual)?
For 2016 annual payers,
this is the last issue.
Your renewal helps all of us.