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Co-contributions... how they apply for members

The co-contribution is a payment made by the Federal Government to match certain personal after tax contributions to a superannuation fund made by low to middle income earners in a financial year.

From 1 July 2004, the Federal Government may make a co-contribution of \$1.50 for every \$1 that a person makes in personal after tax contributions. This is subject to a maximum co-contribution of \$1,500 for eligible persons whose total income is \$28,000 or less for the financial year. The maximum co-contribution of \$1,500 is reduced by 5 cents for each \$1 a person earns over \$28,000, reducing to nil at \$58,000.

Provided members have made personal after tax contributions and met the eligibility requirements, there's no need for members to take any action to receive the co-contribution. The ATO will automatically calculate the person's co-contribution after they receive their income tax return and information from their super fund.

For members of First State Super

If a person is eligible for a co-contribution, the ATO will send it straight to the person's super fund and they will receive a letter from the ATO with details of the co-contribution. It will also appear on their next First State Super statement.

For members of SASS, SSS or PSS (the Pooled Fund)

Co-contributions are payable in respect to the member contributions made to the Pooled Fund schemes, if the member satisfies all the necessary eligibility conditions for payment of a co-contribution.

Co-contributions received will be credited to a member's co-contribution accumulation account in The State Authorities Non-contributory Scheme (SANCS) where they will accumulate with investment earnings at the Growth strategy earning rate. This accumulation is payable in addition to all other Pooled Fund benefits.

“ Get the latest information at our employer seminars... dates on page 3. ”



For more information?

For more information, download Fact Sheet 1, *How does the Federal Government's co-contribution to super operate?* from the web site at www.firststatesuper.nsw.gov.au/member_area/fact_sheets or call Customer Service on **1300 650 873** to have it mailed or faxed to you.



First State Super News

Choice of fund — what are employers' obligations?

The Federal Government has passed legislation that will allow many Australian workers to have the right to choose which fund they wish their superannuation to be invested in from July 2005.

This will apply to all employees, except those specifically excluded from the Federal Government's choice of fund legislation (such as employees for whom SG contributions are made under, or in accordance with, a State Industrial Award or Agreement, or an Australian Workplace Agreement).

NSW public sector employees are specifically exempted from this Federal legislation. However, existing members of First State Super and employees who are eligible to become First State Super members are able to make a choice of fund. That is, it is not compulsory for them to direct their superannuation to First State Super, they are able to direct it to any fund of their choice. This choice would include future employer and any member contributions plus existing benefits.

For more information

See the enclosed flyers:

- **For employers:** *Choice of fund and NSW public sector employees from an employer's perspective.*
- **For members:** *Are you a First State Super member and confused about choice of fund?*

For more copies of flyers please contact: Natalie Marin on **(02) 9238 2507**.

SG quarterly reports by employers to employees no longer required

The March 2004 edition of *Super Update* summarised new Federal Superannuation Guarantee (SG) reporting requirements that took effect from 1 July 2003.

They were relevant to the SG contributions an employer makes to an 'accumulation' fund such as First State Super (FSS). Employers were required to provide a quarterly written report to relevant employees containing details of the amount of SG contributions paid on their behalf and the fund and account into which they were paid.

Amendments to Federal legislation have removed this employer reporting requirement with effect from 1 January 2005. The Federal Government's stated intention is to remove the SG reporting compliance burden on employers and to recognise that employees receive adequate information from other sources, such as from their superannuation fund and on their pay slip.

For more information

visit the ATO web site at:

www.ato.gov.au/super

Splitting of superannuation contributions

The details of this Federal Government proposal were provided in the March 2004 edition of *Super Update*. If implemented, it would give employees who are members of accumulation schemes like First State Super (FSS), the right to split – between themselves and their spouse – the contributions made by or for them to a superannuation fund. The intention is to assist families to maximise the benefits available in superannuation and to provide an avenue for spouses to share in superannuation. This significant change would apply to both personal and employer contributions and would provide single income families with access to two superannuation Reasonable Benefit Limits (RBLs) and two lump sum, tax-free thresholds.

The Government has stated that there will be no impact on employers and that employers' Superannuation Guarantee (SG) obligations will not change as a result of this measure. The full burden of the measure is expected to fall on superannuation schemes.

At the time of writing there was no set date for this to commence, although the Government has reiterated its commitment to the proposal. They have previously indicated a 1 July 2005 start, with the first contribution splits occurring at the end of the 2005-06 financial year.



Workplace seminars

Would you like to arrange a seminar for **First State Super** members at your worksite?

Please contact either Deanna Rowe on **(02) 9238 2514** or Graham Green on **(02) 9238 2508**.

Seminars are held regularly in the Sydney CBD and at other locations in metropolitan Sydney and around NSW.



Choice of fund — what are employers' obligations?

The Federal Government has passed legislation that will allow many Australian workers to choose which fund they wish their superannuation to be invested in from July 2005. Members of the closed defined benefit schemes (SASS, SSS and PSS) do not have choice of fund.

Family law super provisions

Since December 2002, Federal legislation has provided for superannuation interests to be divided among the parties to a marriage which has broken down. The legislation provides the basis for calculating the value of a member's accrued superannuation entitlement.

After reviewing the Federal Government's valuation methods, the Trustee of the Pooled Fund schemes considered that these were inconsistent with the benefit design of the Pooled Fund schemes. The Trustee has applied to the Federal Attorney General to seek approval for alternative valuation methods to be adopted for SASS, SANCS, PSS and SSS.

Currently, information about a member's superannuation interest provided in response to a family law request for information must be calculated using the Federal Government's valuation method.

However, once the alternative valuation methods are approved by the Federal Attorney General, new family law provisions will be legislated for the Pooled Fund schemes and future requests for information will include an actual value of the interest in line with these changes. The amending legislation will also allow the immediate splitting of scheme benefits for family law purposes.

“...The Pooled Funds' Trustee has sought approval to value **actual** benefits in family law requests.”



Would you like to arrange a seminar for **State Super** members at your worksite?

Please email STCseminars@statesuper.nsw.gov.au or phone (02) 9238 5930.

Seminars are held regularly in the Sydney CBD and at other locations in metropolitan Sydney and around NSW.

Seminars

Employer information seminars for both FTC and STC

In May we will be running seminars in Sydney specifically for payroll personnel. The dates are as follows:

Seminar dates

Tuesday 3 May

Wednesday 4 May

Tuesday 10 May

Wednesday 11 May

“Don't miss out on your next free seminar, they are designed to help you.”





When can funds accept contributions?

As an employer, your responsibilities include paying employer and member contributions. The table below outlines the current conditions for when a person can contribute to super.

Age	Contribution type	When can funds accept contributions?	
		Old provisions	New provisions from 1 July 2004
Under 65	Member and Employer	Generally, only if gainfully employed for at least 10 hours in any week in the previous two years.	Anyone can contribute, there are now no work test restrictions applied.
65-69	Member and Employer	Generally, only if employed for at least 10 hours per week – the test was a weekly test.	Generally, only if employed on at least a part time basis at any time in the financial year in which the contributions are made. Part time for this purpose means at least 40 hours during any period of 30 consecutive days in the financial year to which the contributions relate.
70-74	Member Employer	As per 65-69, see above. Only mandated (award) employer contributions.	As per 65-69, see above. Only mandated (award) employer contributions.
75+	Member Employer	None allowed. Only mandated (award) employer contributions.	None allowed. Only mandated (award) employer contributions.

Remember SG contributions apply to all casual or occasional employees and that the NSW Government policy requires employers to pay SG contributions on every dollar earned of Ordinary Time Earnings (see Premier's Department Circular 2002-57).

Contributions can be received into First State Super only if the person is currently employed with a First State Super employer.



Contact Details

Disclaimer

FSS Trustee Corporation (FTC) ABN 53 226 460 365 and SAS Trustee Corporation (STC) ABN 29 239 066 746 have taken reasonable care in producing the general information contained in this article and nothing in it is to be regarded as professional financial or personal advice. Every effort is made to ensure that the material is accurate. However, both FTC and STC and their respective Boards do not warrant the accuracy, reliability or completeness of the information and exclude liability for any decision or action taken on the basis of information included in, or omitted from, *Super Update*.

If you need assistance or have a question about your superannuation responsibilities within the NSW public sector please contact your Employer Relationship Officer:

Employer Relationship Officers

First State Super

John Williams
Phone: (02) 4253 1313
Fax: (02) 4253 1404
Email: FTC_Employer_Contact@pillar.com.au

Pooled Fund (SASS, SSS and PSS)

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