

## Knowing the basics about superannuation

Superannuation aims to provide you with an income when you retire. By law, an employer must pay super on behalf of eligible employees. This is known as **superannuation guarantee (SG)**.

Your super is generally managed by a super fund. Although super funds may have different products and rules, they must abide by laws and regulations to ensure your super is properly managed.

### Types of super

There are two types of super:

- **Accumulation super:** Contributions are credited to an account in your name, the money is invested and your account is adjusted for investment returns (which may be positive or negative). Your super benefit is the balance of your account (less any applicable fees and taxes).
- **Defined Benefit super:** Your super benefit is calculated using a formula linked to your super salary near retirement and the number of years of membership.

In the OSF, Division F provides accumulation super—this is the only division open to new members. All other OSF divisions provide defined benefit super.

### Why do we need super?

Super is important for a number of reasons:

- In Australia, people are generally living longer and therefore spending a longer time in retirement, potentially up to 20 or 30 years.
- This generation of retirees is generally more active and want to enjoy a higher standard of living in retirement.
- The difference between the Age Pension and the amount needed to fund a comfortable retirement is likely to keep increasing.

**DID YOU KNOW?** The cost of a 'comfortable' retirement lifestyle for a couple (*single*) (ie. enabling a broad range of leisure activities and a good standard of living) is \$51,727 (\$38,611) per year (assuming the couple/single owns their home). However, as at 1 January 2010, the maximum Age Pension was \$26,338 per couple per year and \$17,469 per single per year.

Source: Westpac ASFA Retirement Standard, December 2009.

### Does my employer have to pay super for me?

Regardless of whether you are a full-time, part-time or casual employee, your employer must make SG contributions for you if you are aged between 18 and 70 and are paid \$450 or more in a calendar month.

An employer does not have to make SG contributions for you if you are:

- earning less than \$450 (before tax) per month (Note: If you are covered by an Award, your employer may be required to pay super for you even if you earn less than \$450 per month)
- under age 18 and work 30 hours or less per week
- over age 70
- a non-resident employee on certain types of visas.

### How much super does my employer have to pay?

Under SG, your employer must make super contributions of at least 9% of your super salary.

Your super salary depends on which division of the OSF you belong to—it is generally a percentage of your base cash salary plus any performance-related payments. Further information is available from the HR Intranet (Pay & Leave > Pay > Superannuation) or by contacting HR Direct on 1800 989 696.

### When can I get access to my super?

Generally, most of the money in your super account will be **preserved**, which means it must stay in the super system until you permanently retire after reaching your preservation age, or until you meet another condition of release as allowed by law. Your preservation age will be between 55 and 60 depending on your date of birth.

You may also have non-preserved benefits. In the OSF, these are generally classified as **restricted non-preserved** benefits while you are an employee and they cannot be paid to you in cash until you leave the Bank.

If you have any **unrestricted non-preserved** benefits, these can be paid to you at any time, subject to the OSF's minimum withdrawal rules. (Note: Tax may be payable.)

Refer to *OSF Fact Sheet 2* for more information on preservation.

## Do I have a choice about where my super is paid?

Super Choice (also known as Choice of Fund) gives you the ability to choose your own super fund to receive super contributions from your employer.

### Default fund

If you are eligible for Super Choice but do not choose your own fund, your employer's SG contributions will be paid into OSF Division F, which is the default fund that the Bank nominated under Super Choice legislation.

*Note: If you are currently an OSF defined benefit member, please refer to your Member Booklet for more information on how Super Choice works in relation to your defined benefit.*

### What should I look for in a super fund?

If you are considering Super Choice, you might like to ask the other fund or your financial adviser the following questions:

Question	In OSF Division F...
Do you charge a fee to join or leave the fund?	No
What administration fees do you charge?	\$7.50 per month
Do you charge a fee for each contribution?	No
What management fees do you charge?	Between 0.163% p.a. and 0.493% p.a. of your account balance, depending on your investment options
Do you charge a fee for switching investment options?	No, nor is there a limit to how many times you can switch
Do you pay commissions to financial advisers?	No
Do you pass on tax deductions to members?	Yes—the administration and management fees shown above take into account this tax benefit. If you are eligible for insurance, your premiums are also reduced.
What is your fund's investment performance?	Visit the OSF websites or refer to the current PDS or Annual Report.

You should refer to the Product Disclosure Statement or Member Booklet for your division before making any decisions that may affect your financial future.

## What happens to my super in the OSF?

If you have accumulation-style super (ie. you are a Division F member or a defined benefit member who is eligible for investment choice on your accumulation-style benefits), you can choose from a range of investment options for your account.

Each investment option differs in terms of investment return objectives, asset mix and management fees. All investments are subject to varying risks and generally may fluctuate in value.

You should refer to the current Product Disclosure Statement or Member Booklet for your division and/or seek professional advice before making any decisions that may affect your financial future.

### How can I build my super?

Depending on your division and type of membership in the OSF, you may be eligible to add to your super in the following ways:

- Non-concessional (after-tax) contributions
- Salary sacrifice (before-tax) contributions
- Government Co-contributions (refer to OSF Fact Sheet 5 for more information)
- Consolidating your super benefits into one fund (see over page for more information).

Not all options may be available to all members. You should refer to the Product Disclosure Statement or Member Booklet for your division to find out what options are available to you.

### How is super taxed?

Generally, super is taxed as follows:

- Tax at the concessional rate of 15% applies to concessional contributions (eg. employer SG contributions and salary sacrifice contributions) up to a cap of \$25,000 per person per year (or a transitional cap if applicable). Concessional contributions can be made above this cap but these excess contributions will incur an additional 31.5% tax, to be levied on you by the ATO.
- No tax applies to non-concessional contributions up to a cap of \$150,000 per year. If you make contributions above this cap, these excess contributions will be taxed at the highest marginal tax rate (currently 46.5% including Medicare levy).
- If you have not provided your tax file number to your super fund, an additional 31.5% tax may need to be deducted from SG (or Award) contributions and salary sacrifice contributions made to your super. In addition, the OSF won't be able to accept any member contributions (which include non-concessional contributions and personal deductible contributions) to your super.

- Tax of up to 15% is payable on investment earnings within the OSF (except for Division F Pensions).
- Lump sum and pension benefits paid to you at or after age 60 are tax-free. Tax may be payable on benefits paid before age 60 (refer to OSF Fact Sheet 6 for more information).

You should refer to the Product Disclosure Statement or Member Booklet for your division for more information. You should also consider seeking professional advice before making any decisions that may affect your financial future.

## What happens to my super if I die?

If you die, a death benefit may be payable to any one or more of your dependants and/or estate.

In Division F, you can make a binding death nomination to provide more certainty about who receives your death benefit.

In some OSF defined benefit divisions, you can nominate a preferred beneficiary, which may help the Trustee decide who should receive your death benefit. However, the Trustee has discretion and does not have to follow your nomination.

For more information, refer to OSF Fact Sheet 21 or the Product Disclosure Statement or Member Booklet for your division.

## Can I consolidate all my super accounts?

Like many people, if you've had more than one job in the past, you may have more than one super account, each with a different super fund.

Consolidating your super to one account may reduce the amount of paperwork, minimise the fees that you pay and help you take control of your super in the long run.

Consolidating your super is as easy as filling in a form. The OSF will then arrange for your account balance from your other fund to be transferred into your OSF account.

You should refer to the Product Disclosure Statement or Member Booklet for any conditions that may apply when transferring money into your account.

## What happens to my super if I get divorced?

Legislation allows some super accounts to be divided between parties in the event of a marriage or relationship breakdown. This legislation is complex and you should seek your own independent advice.

For general information about Family Law, refer to OSF Fact Sheet 8.

## OSF Investor Services

<b>PHONE</b>	1800 023 928 between 8.30am and 5.00pm (Sydney time) Monday to Friday
<b>EMAIL</b>	<a href="mailto:osfms@colonialfirststate.com.au">osfms@colonialfirststate.com.au</a>
<b>FAX</b>	(02) 9303 7700
<b>MAIL</b>	GPO Box 4758, Sydney NSW 2001
<b>INTERNET</b>	<a href="http://www.osfsuper.com.au">www.osfsuper.com.au</a>
<b>INTRANET</b> <i>(accessible to Bank staff only)</i>	<a href="http://commnet.cba/staffsuper/funds">http://commnet.cba/staffsuper/funds</a> <i>Or find us at: HR Intranet &gt; Pay &amp; Leave &gt; Pay &gt; Superannuation &gt; OSF</i>

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