

bulletin

Transition to retirement without leaving the defined benefit scheme

The AvSuper Board has recently given approval for defined benefit members of AvSuper to access the Transition to Retirement arrangements without ceasing their defined benefit membership.

The Transition to Retirement provisions allow members to take their superannuation benefit as a non-commutable income stream at preservation age (currently 55) **without having to leave the workforce.**

Prior to the Board's recent decision, defined benefit members had to transfer to the accumulation section before being able to access such pensions.

Now all AvSuper members, including CASA members and those who were reluctant to give up their defined benefit membership, can consider the benefits these income streams may offer.

More information is provided in the *Transition to Retirement* fact sheet available under the Forms and Publications area of our website.

CSS members at Airservices Australia who are considering opting out of that scheme in order to access their pension under the transition arrangements are reminded that there is also a fact sheet provided on that arrangement which remains unchanged by the Board's decision.

ACCESS TO BENEFITS AT 65

Once you reach age 65, there is no limitation on access to superannuation benefits from AvSuper. Even though you may not have changed or ceased employment, you may take lump sums and/or an income stream from your superannuation. Contact us for more information.

Your Defined Benefit and the new concessional contribution limits

As we advised previously, new limits apply from 1 July 2007 on the superannuation contributions which you are able to make without suffering a taxation penalty.

The limit on concessional contributions is \$50,000, with a special transitional limit of \$100,000 applying up until 2011/12 for any member who is aged 50 or above in a financial year.

Concessional contributions are those which are subject to tax on receipt by the Fund and include contributions made by way of salary sacrifice, employer contributions and deductible contributions made by self-employed people (people who receive less than 10% of their income from employment).

Employer contributions to AvSuper's defined benefit schemes have to be quantified for the purpose of these limits and the method for doing so has been legislated by the Government.

A fact sheet called *The New Contribution Limits – How They Work* has been developed and is available from the Forms and Publications area of our website. This fact sheet covers the limits generally and also provides the factors necessary to enable defined benefit members to estimate the value of their employer contributions for the purposes of assessing whether they are likely to breach the concessional cap.

2007 ANNUAL MEMBER STATEMENTS

We expect that annual statements for this year will be distributed from mid-October.

If you have provided us with your home address we will send your statement there. If you are employed by Airservices or CASA and we do not have an alternative address for you, we will distribute your statement via your employer.

If you would like to change your mailing address you can either change this online or email your preferred address to avsinfo@avsuper.com.au

SUPER SEMINAR SERIES

Outlook Financial Solutions (AFSL 240959) has begun another round of financial planning seminars for AvSuper members. Seminar dates and topics for the remainder of 2007 are as follows:

- 1. Roadmap for a ripping retirement** – easy to manage superannuation, tax planning and investment strategies to boost your ability to fund a comfortable retirement (targeted at members aged 50 and above).
- 2. Sizzling super solutions for all walks of life** - explaining your retirement income choices (for members of all ages).

Dates for the coming seminars are as follows:

- 4 Oct HOBART (Topic 1)
- 15 Oct DARWIN (Topic 1)
- 17 Oct BRISBANE (Topic 2)
- 30 Oct PERTH (Topic 2)
- 7 Nov SYDNEY (Topic 2)
- 15 Nov MELBOURNE (Topic 2)
- 20 Nov CANBERRA (Topic 2)
- 22 Nov ADELAIDE (Topic 2)

Times and locations will be advised through the AvSuper website closer to each date. Seminars in 2008 will also cover regional locations. Keep an eye on future editions of the *bulletin* and our website for more details.

Outlook fees to increase

Outlook Financial Solutions has advised that their fees for financial plans will increase on 1 November 2007. The new fees will be:

Foundation Plan	- \$ 395
Basic Plan	- \$ 660
Standard Plan	- \$1,195
Premium Plan	- \$2,200

AvSuper members continue to receive a 10% discount on these fees. Outlook still offers a free no obligation initial consultation to AvSuper members. If you require any further information regarding the plan types please contact Outlook directly on 1300 657 872.

2007 Member Survey Have your say!

AvSuper is about to undertake a significant research project to help shape our products and services to best meet your needs now and into the future. AvSuper has commissioned Eureka Strategic Research (ABN 52 070 101 352) to conduct a survey of our members in October.

Once the survey results have been collated, we will hold a number of focus group meetings to explore the issues you have raised in more depth.

The objective of the research is to gain a thorough understanding of our members to ensure that, as far as possible, AvSuper meets your needs.

If we don't receive your feedback we can't take it into consideration, so please take the time to complete the survey when you receive it.

Investment returns for 2006/07

AvSuper's investment returns for the 2006/07 financial year were as follows:

Investment Option	Accumulation (after deduction of fees and taxes)	Pension / Retirement Income Stream (after deduction of fees, tax not payable)
High Growth	18.0%	20.3%
Growth	16.0%	17.2%
Stable Growth	9.8%	11.3%
Cash	5.1%	5.9%

If you are a Defined Benefit Member, your end benefit is determined by a formula, so the investment return on the defined benefit assets of the Fund has no bearing on the calculation of your benefit. However, the rate of return on the defined benefit assets is applied to your surcharge debt (see below). The investment return on the defined benefit assets for the 2006/07 financial year was 16.3%.

SURCHARGE DEBT: what is it, and what can I do about it?

For the period 20 August 1996 to 30 June 2005, the Government applied an additional tax, often referred to as the surcharge, to the employer contributions (including salary sacrifice contributions) made for higher income earners. Contributions for the 04/05 financial year were the last ones to which the surcharge was applied. It has now been abolished.

For Accumulation Members the tax was deducted directly from your account.

For Defined Benefit Members the Fund paid the surcharge on your behalf and you then had a debt to the Fund. Interest is applied to this debt at the earning rate of the Fund's defined benefit assets (16.3% for the 2006/07 financial year) and the debt is fully recovered when a benefit becomes payable or you transfer from the defined benefit scheme to accumulation.

If you have a surcharge debt it will be shown online and in your member statement.

If you wish to pay this debt either in part or in full, you can forward a cheque to us (made

payable to AvSuper) at any time, or contact us to arrange an electronic transfer directly to our bank account.

If you have an accumulation account you can ask us to use the money in that account to pay part or all of your surcharge debt. If you would like to take advantage of this option simply send an email to avsinfo@avsuper.com.au and ask us to arrange this.

NO NEW TERM ALLOCATED PENSIONS

AvSuper no longer offers term allocated pensions to new applicants. However, any of these pensions in existence before 1 July 2007 will be maintained.

Rollovers and ID requirements

The new Anti-Money Laundering and Counter-Terrorism Financing Act imposes significant obligations on AvSuper and other superannuation funds.

One of the requirements is that AvSuper verify the identity of a member or a beneficiary before processing any benefit payment after 12 December 2007. Our forms will be amended to include the new requirements.

From 1 July 2007 there is already a requirement under other legislation for members requesting transfers of the whole balance of accounts between superannuation funds to complete a specified form and provide certified identity documents. **Unfortunately the legislation prevents us from processing requests unless they provide specific information and are accompanied by properly certified identity documentation.** We suggest you use the relevant form on our website to avoid delays.

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No insurance premiums being deducted?

A number of members have queried the reason for their insurance deductions ceasing from 1 July 2007.

Insurance premiums are reviewed annually on 1 July 2007 to reflect each member's age at that date and to take account of the change in the amount of cover for employees of Airservices Australia.

This review is conducted at the same time as annual member statements are prepared. While it is our preference that premiums continue to be deducted at the pre-July rate in the interim, our administrator is unable to do this and ceases deductions until the new premium rates are known

and processes an adjustment back to July at that time.

Please be assured that the Fund continues to pay the required monthly premium to our insurer, ING (AFSL 238341), and therefore your cover is not adversely affected by the fact that your premiums are not currently being deducted from your account.

STOP PRESS: AvSuper has recently undertaken a review of its insurance provider. ING Insurance has been reappointed and we are pleased to announce that the reappointment has resulted in a number of enhancements. Details of these will be provided in the next *bulletin*, however you should note that insurance premiums have been reduced with effect from 1 July 2007 and the new rates will be reflected in the back adjustment.

Are your contact details up to date?

Log in to AvSuper Online at www.avsuper.com.au, go to the My Personal Details page and check that we have your most up-to-date postal address, telephone contacts and email address. This will ensure that any important information about your superannuation can reach you as quickly as possible.

Ask us

If you have any questions about these articles or your AvSuper account, you can contact:

John Hackett
AvSuper Administration Manager
Toll free 1800 805 088
Direct 02 6268 4722

You can also access a wealth of information on your super from www.avsuper.com.au

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