Super News

For all members

Proudly serving our members

Spring 2014

This newsletter forms part of your annual periodic statement.
Please keep it with your 2014 Annual Benefit Statement.

ESSSuper
Emergency Ser

A word from the CEO, Mark Puli

Spring sees satisfied members and a number of changes

The spring season signals growth and new beginnings. You'll notice we've freshened up with our new look Super News. In this edition, you'll find we're continuing to develop your fund to better meet your needs.

Commitment to serving our members

We recently participated in the Net Promoter Score (NPS) survey,^ which measures how companies act on customer feedback to improve. We're proud that ESSSuper achieved an outstanding NPS result, ranking equal first out of the 25 major funds who participated.

Changes in ESSSuper governing rules

On 1 July 2014, we implemented a raft of legislative amendments to the governing rules of ESSSuper funds:

- A binding death benefit nomination facility was introduced into ESSSuper's lump sum defined benefit scheme, enabling some members to improve their estate planning. See page 4 for details.
- A new exempt out option was also introduced, enabling ESSS DB members to access their benefit once they reach 65 years, while remaining in employment.
- More members can now make a retrospective disability claim. More information is available online at **www.esssuper.com.au**

Fees

ESSSuper introduced a new streamlined administration fee structure from 1 July 2014 for the Accumulation Plan and Income Stream, which is fairer to all members irrespective of their account balance and life stage. We're committed to keeping fees low. In fact, our fee structure continues to be low when compared with the fees of other industry super funds, and the broader super industry.

Digital enhancements

We're continuing to develop our approach to Members Online. As well as enabling you to consent to an ATO super search via Members Online, we've now made it even easier for you to consolidate any super you find into an ESSSuper fund, plus open an Accumulation Plan account for this purpose if you don't already have one. See page 7 to learn more.

We also look forward to bringing you a new website in the near future.

Please take a moment to look at the industry news inside this latest issue.

Mark Puli
ESSSuper CEO

^Conducted by Customer Service Benchmarking Australia (CSBA), www.csba.com.au

Changes to contribution caps

Have you reached your limit?

The Federal Government sets limits (called contribution caps) on the amount of contributions made to super accounts in a financial year. Putting in extra super can mean paying extra tax.

The cap amount and how much extra tax you have to pay depends on your age and whether the contributions are concessional (before tax) or non-concessional (after tax). Concessional contributions are generally contributions made by your employer on your behalf, such as salary sacrifice, superannuation guarantee contributions, and notional employer contributions (for defined benefit fund members). For the 2014/15 financial year, the age criteria and concessional contributions caps have changed.

New year, new limits

- From 1 July 2014, the concessional contribution cap is $35,000 for those aged 49 and over, and $30,000 for those aged under 49 on 30 June 2014.
- The non-concessional contribution cap is $180,000.
- The contributions tax rate for those earning an income over $300,000 rises from 15% to 30% (excluding the Medicare levy), applicable to the excess contributions over $300,000. Income includes taxable income, concessional superannuation contributions, adjusted fringe benefits, total net investment loss, target foreign income, tax-free government pensions and benefits, less child support.
- If you are under age 65 at 1 July of the financial year, you may be able to 'bring forward' two years worth of non-concessional contributions as long as you do not exceed a maximum of $540,000 over a period of three financial years. The three-year period starts with the year that you first contribute more than the non-concessional contributions cap.

If you think you might exceed the caps, or have concerns about how these changes may affect you, call the Member Service Centre.

Learn more at **www.esssuper.com.au/contributions** Alternatively call **1300 650 161** for emergency services members or **1300 655 476** for state super members.

Note that excess concessional contributions count towards the non-concessional contributions cap and can trigger the bring-forward provision.

Noticed our fresh look?

You may have noticed some subtle differences in the feel of Super News, and ESSSuper altogether.

Not much has changed about our brand look since the State Superannuation Fund and Emergency Services Superannuation Scheme relaunched as ESSSuper in 2007. We've always kept our focus on the needs of our members. In our continued efforts to do so, we've made some simple improvements, designed to make things easier for you.

A fresh look for your Super News

We've spread out the information to make it easier to read. Updated the design a little, so it's now more clean and contemporary. And introduced some fresh new colours that help us look toward a brighter future, as you do. We hope you like the way we're improving.

New rules for death benefit nominations

Secure greater certainty in estate planning

The new financial year brings about new rule changes for ESSSuper defined benefit members. One of these rules presents a valuable shift in the area of beneficiary nominations.

From 1 July 2014, members of ESSSuper lump sum defined benefit funds, including the emergency services ESSS DB Fund and the state super New Scheme and Transport Scheme, can make a binding death benefit nomination. The introduction of a binding death benefit nomination can give you more certainty when dealing with estate planning by nominating who receives payment of your death benefit.

ESSSuper members can make either a non-binding nomination or a binding nomination. To help you better understand the type of nomination that may suit your circumstances, here's a look at how they work.

Non-binding nomination

A non-binding nomination means telling us how you prefer your death benefit to be distributed.

If you make a non-binding nomination, the ESSSuper Board will consider your wishes when deciding who should be paid your benefit. However, your nomination is a guide only and the Board will retain discretion in determining who should receive your benefit and in what proportion, in accordance with the fund's governing rules.

Binding nomination

Want full control of who receives your benefit in the event of your death? A binding nomination allows you to nominate the beneficiary/beneficiaries. Provided your nomination remains valid, the Board must follow your instructions, even if circumstances have changed from the time of your nomination to the time of your death. If any person nominated by you ceases to be a dependant, your binding nomination will become invalid and treated as a non-binding nomination by the Board.

Binding nominations are valid for three years and override any previous nomination. Therefore, it is essential that you review your binding nomination as your circumstances change, but also at least every three years. You can also amend or cancel a binding nomination at any time.

Without a nomination

It's important that you tell us what you want to have happen to your benefit when you die. Without your nomination, the Board will distribute your benefit to your dependant(s) and/or your Legal Personal Representative in the proportions determined by the Board in its discretion, subject to the governing rules of the Fund.

Your beneficiaries can be changed at any time. To see how beneficiary nominations work in practice, take a look at the following examples

Have you tried?

Our website offers more information about beneficiary nominations and the forms you need to make, change or cancel your nomination.
Visit **www.esssuper.com.au/members**

These rule changes originated in the *Superannuation Legislation Amendment Act* 2013 (SLAA), which was passed by the Victorian Parliament and received Royal Assent on 22 October 2013.

Beneficiary nominations at work

John

A member of the New Scheme, John wishes his benefit to be split equally between his children and new partner

John recently moved in with his new partner Lisa, and has two children aged 10 and 12 from a previous relationship. While separated for some time, John has not finalised his divorce from his wife. In the event of his death, he wishes his superannuation benefit to be split equally between his children and Lisa, and makes a binding nomination to ensure this happens. If John died without a binding nomination in place, his wife, who is still legally married to John, would have been considered for a portion of the death benefit alongside his other qualifying dependants, his two children, and his de facto partner Lisa.

Trevor

Trevor is a member of the ESSS DB Fund, and lives with his partner Debbie. Trevor is twice divorced and has three children under 18 from his two previous marriages. His partner Debbie also has children from her previous marriage, both of whom live with them. Debbie is newly pregnant with their first child.

In the event of his death, Trevor wants his death benefit to be paid to Debbie as he feels he adequately provided for his three children each time he was divorced. Trevor makes a binding nomination to pay his entire death benefit to his partner Debbie. If Trevor were to die without a binding nomination in place, all of his dependants would be considered for a portion of the benefit – his partner Debbie, his three children and also Debbie's two children. The Board would then make a decision as to how the death benefit would be shared amongst them.

Greg

Greg is a member of the ESSS DB Fund. While he has lived with his partner Sharon for four years, he regards the relationship as volatile and doubts their longevity as a couple. In the event of his death, Greg wishes his death benefit to be paid to his mother and his sister. Greg makes a binding nomination to pay the death benefit to his Legal Personal Representative to be distributed in accordance with his Will. In his Will, Greg has made a provision for his estate to be divided equally between his mother and sister. If Greg dies without a binding nomination in place, his entire benefit is likely to be paid to his de facto partner as they had been living together for four years and had some joint finances. As Greg's sister and mother were not financially dependent upon him, they could not be considered for a portion of the benefit.

Jenny

Jenny wants her super to go to her child, as her partner will inherit their joint properties

Jenny is a member of the New Scheme who lives with her partner. They have been together for 14 years and jointly own two properties. She has a child from a previous relationship who is 18 years old and a full time student. In the event of her death, she would like her death benefit to be paid to her child, as her partner will inherit the properties. She makes a binding nomination to pay 100% of her death benefit to her child. If Jenny died without a binding nomination in place, her partner and child would both qualify as dependants, and the death benefit would be shared between them in proportions determined by the Board.

Examples included on this page are for illustration purposes only. They are not intended to be recommendations or preferred courses of action. Before making a decision about an ESSSuper product you should consider seeking professional advice from a licensed financial adviser.

Would an ESSSuper Income Stream work for you?

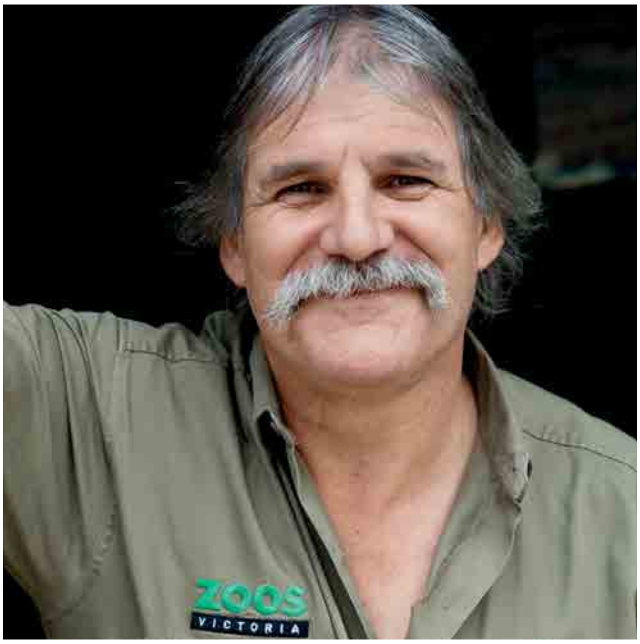
Are you thinking about reducing your working hours and easing into retirement but concerned about the drop in income? Thanks to Federal Government transition to retirement rules, more and more people are now moving to part-time work and supplementing their income with a transition to retirement income stream.

Others are continuing to work full-time past retirement age and taking advantage of the tax incentives available for contributing to their retirement savings.

Part-time work or a super boost?

Transition to retirement income streams are designed to provide a regular income. Members who have reached their preservation age can consider part time employment and access their super as a pension to help supplement their income.

Members aged 60 and over can open a transition to retirement income stream to tax effectively boost their retirement savings while still working full time.* Eligible members can do this by receiving income from a superannuation income stream. This frees up salary that can be used to salary sacrifice into your superannuation account, such as the ESSSuper Accumulation Plan account.



*Whether you receive any tax savings through a transition to retirement strategy will depend on your individual circumstances.

Combining a transition to retirement income stream and salary sacrificing to super could allow you to tax effectively save for your retirement. You could save by only paying 15% tax on the amount you salary sacrifice into super (instead of your marginal tax rate) and, if you are over 60, you pay no tax on the income stream payments you receive from your transition to retirement income stream.

Ready to retire?

If you're ready to retire and be completely free of work but not ready for the loss of a regular pay cheque, then an ESSSuper Retirement Income Stream may be right for you.

ESSSuper's Retirement Income Stream enables you to convert your super benefit into a regular income stream and defer any lump sum tax that may be payable. It enables retired ESSSuper members, and their spouses, to continue to invest some or all of their super with ESSSuper and continue to benefit from concessional tax treatment for retirement savings.

Learn more at **www.esssuper.com.au/fund-types**
Alternatively call **1300 650 161** for emergency services members or **1300 655 476** for state super members.

Consolidate your super in just three clicks

New to Members Online

Have you provided ESSSuper with your consent to search the Australian Taxation office (ATO) for other super funds including lost super? You can now view your search results and roll in your super via Members Online.

The new Account Consolidation page in Members Online lets you consolidate any located funds in as little as three clicks, and without having to complete any paper forms.

Don't have an eligible account into which you can consolidate your funds? You'll be able to set up an Accumulation Plan account online as well, and if you're not yet enjoying the benefits of Members Online, now is a great time to register.

Not yet registered?

With Members Online, you can consolidate your super, update your details, change your contribution rates and more – online, anytime.
Visit **www.esssuper.com.au**

If we find funds, we'll find you

If we have your email address and find you have some super with other funds, we will email you to let you know. You'll then be able to log into Members Online to view and consolidate these.

Before rolling any money into ESSSuper, please check if the fund you are rolling over from charges an exit fee or penalties. Cancellation of your account may also affect any insurance cover or other benefits you have with that fund.

Step 1

Provide consent for an ATO super search

Step 2

Select which funds to consolidate

Step 3

We'll process your request

Annual Report 2014

The ESSSuper Annual Report for the 2013/14 financial year details the investment performance of the state super assets and accumulation product investment options.

It also contains fund highlights from the year, an investment market review and the ESSSuper Board and Fund's Financial Report.

Your free copy

The Annual Report will be available on the website at **www.esssuper.com.au** from early September.

To have a copy sent out to you, call our Member Service Centre on **1300 650 161**.

Tips to make your super grow with you

Get started now, and benefit all year through

1. Salary sacrifice

For some members, salary sacrifice (making contributions before tax) is a tax effective way of boosting super, but it depends on personal circumstances. Find out how it would affect you with our online Salary Sacrifice Calculator.

2. Increase your contribution†

You can grow your super balance by increasing your contribution rate. While it pays to get in early, it's never too late to boost your rate. Just log into Members Online or complete our *Change your Contribution Rate* form.

3. Make extra contributions

There are many possible ways to add to your super, including contribution splitting, making after tax contributions and taking advantage of government super co-contributions. To see what could work for you, find out more on our website.

4. Find lost super

If you have more than one fund, changed jobs, or changed your personal details without telling your fund, you may have more super money than you realise. And there are lots of benefits to consolidating. You can find lost super for free. Simply log into to Members Online and follow the prompts (refer to page 7).

5. Top up

Defined benefit fund members will know there are restrictions on their super contributions. All ESSSuper members now have the option of setting up a low fee Accumulation Plan that enables you to top up your funds.

6. Add spouse contributions

Did you know that making contributions to your spouse's super may entitle you to a tax rebate? Your spouse (including defacto and same sex partners) may also benefit from being an ESSSuper member. Learn more about eligibility on our website.

You'll find more information and all our forms at **www.esssuper.com.au** Alternatively call **1300 650 161** for emergency services members or **1300 655 476** for state super members.

HOME

†Contribution cap limits apply and tax deductions will be assessed by the ATO (**www.ato.gov.com**).

You should check any relevant exit fees you may incur, or any insurance arrangements that may be forfeited, or any other effects this transfer may have on your benefits, before rolling your money into our fund.

Award winning funds

For five years in a row, an independent financial services researcher has rated ESSSuper's Accumulation Plan as Platinum. For six years in a row, ESSSuper's Income Stream has also been rated platinum.
Visit **www.superratings.com.au** to learn more.

AWARD FOR EXCELLENCE aist AWARDS FOR EXCELLENCE ★ WINNER ★ 2013 SUPER MEMBER SERVICES

SUPER RATINGS

SUPERRATINGS PLATINUM SUPER 2014

SUPERRATINGS PLATINUM PENSION 2014

5 5 YR PLATINUM PERFORMANCE 2009–2014

Need to contact us?

Visit: www.esssuper.com.au

Call: 1300 650 161 for emergency services members
1300 655 476 for state super members

Email: info@esssuper.com.au

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