



LGsuper

Looking after you
and your super

Member guide

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- *Accumulation account, Retained Benefit account, Spouse account Excludes current and former employees of Brisbane City Council, Queensland Urban Utilities, associated employers and their spouses* Date prepared: 24 June 2011
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Local government
is our connection

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Contact LGsuper on 1800 444 396 or visit our website at www.lgsuper.org if you would like any further information.

How super works

Superannuation is a way of saving for your retirement that is in part compulsory. It enjoys much lower tax rates than other types of investments, but you are generally unable to access superannuation savings until you retire after your preservation age, as shown in the table below.

What is my preservation age?

Date of birth	Preservation age
Before July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From July 1964 on	60

Limits apply to the amounts you and your employer can pay in. These are known as concessional and non-concessional contributions caps.

Concessional (before-tax) contributions caps

The concessional contributions cap applies to super contributions made by your employer, including any salary sacrificed contributions, and any contributions you claim a tax deduction for. Contributions up to this limit are taxed at 15%, while amounts above it are taxed at 45% plus the Medicare levy. Your cap depends on your age, as shown in the table below.

Concessional contributions caps

Age	Concessional (before-tax) contributions caps
Under age 50	\$25,000 (2011/12 financial year)
Age 50 and over	\$50,000 p.a. until 30 June 2012

Proposed changes from 1 July 2012 will mean over 50s with less than \$500,000 in super will continue to have a limit that is \$25,000 higher than the regular cap. Those with \$500,000 or more in super will have a \$25,000 limit, indexed each year.

Non-concessional (after-tax) contributions caps

The amount of non-concessional contributions you can pay into super from after-tax money (including standard or compulsory member contributions not salary sacrificed) is capped at \$150,000 p.a. (2011/12). This amount is set at six times the concessional contributions limit.

If you are under age 65 you can make a larger one-off payment of up to \$450,000 by using your limit for up to 3 years. Contributions above the limit will be taxed at 45% plus the Medicare levy.

Employer contribution arrangements

Brisbane City Council

If you are a permanent employee (full or part-time), you are required to pay a 5% compulsory contribution from your pay. If you choose to salary sacrifice your compulsory contribution, it will be increased to 5.88% to cover contributions tax. You will receive an employer contribution of 14% of salary (or 9% of Ordinary Time Earnings if this is greater).

This arrangement may also apply to some Queensland Urban Utilities employees.

If you are not a permanent employee (eg. contract, casual) your employer will pay 9% superannuation guarantee contributions to LGsuper.

Water business and local government entity employees (excludes Queensland Urban Utilities)

Your employer will pay 9% superannuation guarantee contributions to LGsuper.

If you are a permanent employee, and both you and your employer agree, you can choose to pay 6% standard member contributions from your pay and receive a higher employer contribution of 12% of salary. If you both agree, your employer must declare you as a permanent employee as defined in the Local Government Act. This means contributions cannot be directed to another superannuation fund and will apply until you leave your current employment. If you go on to work for another Queensland local government employer, the standard contributions will continue.

How super works (cont.)

Councillor arrangements (excludes Brisbane City Council)

The content of this section reflects LGsuper's understanding of the relevant provisions of the *Local Government Act 2009* and tax law. Councils are advised to seek professional advice when determining strategies in this area.

Councillors are not generally regarded as employees for taxation and superannuation purposes. As such, a council is generally not obliged to pay superannuation contributions for councillors.

However, where a council resolves unanimously to be an 'eligible local governing body' under the *Income Tax Assessment Act 1997*, councillors are regarded as employees and superannuation guarantee contributions (9% of ordinary time earnings) must be paid.

If a council has not resolved to be an eligible local governing body, section 226 of the *Local Government Act 2009* prescribes the extent to which councils are able to make superannuation contributions for councillors:

- Each council decides whether or not it is prepared to offer contributory superannuation arrangements for its councillors.
- If a council decides to make contributory super arrangements available, then individual councillors can decide whether or not to participate. Councillors must make contributions themselves if they wish to receive the superannuation from council.
- Under advice from the Australian Taxation Office dated 13 August 2007, councillors may enter into agreements with councils to sacrifice their remuneration into super. Such contributions are treated the same way as employer contributions. This means they are taxed at 15% and count toward the concessional (before-tax) contributions cap.
- As councillors are not employed by the council, they may qualify for a tax deduction for any standard member contributions or voluntary contributions they make, providing the income they receive from employment is no more than 10% of their total income and these contributions are not salary sacrificed. Remuneration from council is not considered income from employment. You should advise LGsuper that you would like to claim a tax deduction when the contribution is made. See our *Tax deduction for voluntary contributions info sheet* for more details.

- The standard contribution rates are 6% of income by councillors and 12% of income by councils. Councillors can elect to contribute less than 6%, in which case the council contributions will be scaled down proportionately so that council pays twice the member rate.
- Councillors can change contribution rates. This includes the option of ceasing contributions by selecting 0%. In that case, the council contributions would also reduce to nil.

Councillors can also make additional contributions above the standard maximum rate of 6%, but these do not attract a council subsidy.

Councillors can request these contributions be made to LGsuper or to any other complying superannuation fund.

Voluntary contributions

Voluntary contributions are extra amounts you add to your super. You can make these contributions regularly from your pay or as a one-off lump sum.

Once you are aged between 65 and 74, you can only make extra contributions to your account if you have been gainfully employed for at least 40 hours over 30 consecutive days during the current financial year. When you reach age 75 you are unable to contribute to your super at all.

You can make voluntary contributions by:

- payroll deduction. Ask your employer to pay an amount from your salary to LGsuper each pay period.
- BPAY from your bank account. Use the member BPAY generator on the LGsuper website to find out the biller code and reference number.
- cheque. Send it to us with a completed *Voluntary contribution deposit form*, available from the LGsuper website or by calling us.

Salary sacrifice

Salary sacrificing contributions is where your employer agrees to pay a certain amount of money into your super from your before-tax pay instead of paying that amount to you as salary. You can salary sacrifice your standard member contributions, compulsory contributions and/or extra contributions up to the concessional contributions cap if your employer allows it.

Because your super contributions are taken from your before-tax salary you will not have to pay income tax on them. And if you're paying less income tax then you should receive an increase in your take home pay. That said, salary sacrificed contributions are still taxed, but they are treated like employer contributions and have a 15% contributions tax deducted on their way in to superannuation.

Brisbane City Council, Queensland Urban Utilities and associated employer employees will have their compulsory contribution increased to 5.88% when salary sacrificed to take into account the contribution tax. Other employees do not have their standard member contributions increased when salary sacrificed, but could make additional salary sacrifice contributions if they want the same amount going into their super after contributions tax has been deducted.

Salary sacrificed amounts are not eligible to receive the super co-contribution from the Australian Government. So if you are eligible, you might like to continue paying your contributions in after-tax dollars, or do a combination of salary sacrifice and after-tax contributions. See the *Super co-contribution* section following for more information.

For more information on salary sacrifice contact LGsuper for a copy of our *Salary sacrifice info sheet*. When you call us, ask us to show you the effect salary sacrificing could have on your pay and your super.

If you decide to salary sacrifice, contact your payroll area to find out if it is possible and if so, ask them how you can get started.

Super co-contribution

You might have heard about the super co-contribution — an incentive offered by the Australian Government to encourage you to save for retirement — but how does it work?

The government will put in \$1 for each \$1 you contribute to super, if you are employed and your total income is less than \$31,920. The co-contribution gradually reduces for incomes above \$31,920 p.a. before cutting out completely for incomes of \$61,920 p.a. or more. The maximum co-contribution you can receive is \$1,000 each year. The 6% standard member contribution and 5% compulsory contribution are eligible for the co-contribution if paid from your after-tax salary. Salary sacrificed contributions do not attract the co-contribution.

For more information on this government incentive get a copy of our *Super co-contribution info sheet* from our website or give us a call. You can also find out more from the Australian Taxation Office website at www.ato.gov.au.

Spouse contributions

You can contribute to LGsuper on behalf of your spouse or have your spouse contribute to your account, so long as the receiving spouse is under age 65 and you are living together. Between the ages of 65 and 69, the receiving spouse must be gainfully employed for at least 40 hours over 30 consecutive days in the current financial year to have spouse contributions paid to their account. Once the receiving spouse reaches age 70 spouse contributions can no longer be received.

Spouse contributions can be made by married, de facto or same sex couples. These contributions are not eligible to receive the super co-contribution, but you could receive a tax offset of up to \$540 if the receiving spouse earns less than \$13,800 p.a.

To open a Spouse account, complete the *New spouse member form* available from our website at www.lgsuper.org or by calling us on 1800 444 396. A minimum \$100 contribution applies to open the account.

Contributions splitting

Most employer and salary sacrificed contributions made to your account can be split with your spouse. You can do this once a year for contributions made in the previous financial year. For more information get a copy of our *Contributions splitting info sheet* and to request a split, complete and return the *Contributions split form* available at www.lgsuper.org or by calling us on 1800 444 396.

Transfers from other super funds

Keeping all your super in the one super fund is so much easier than having the hassle of juggling multiple accounts with multiple funds. By transferring your other super to LGsuper you could save money on fees and time on paperwork. And it's so easy to do. Simply complete a *Transfer to LGsuper form* available from our website or by calling us, and return it to LGsuper. We'll do the rest.

How super is taxed

Superannuation is the Australian Government's preferred retirement savings vehicle and has more tax advantages than any other type of savings and investment strategy. Despite the many benefits, some tax does apply at various stages.

Super is taxed at various stages of its life cycle. The type and amount of tax that applies will vary depending on where you are in life, the contributions you make, your benefit amount and whether you take it as a lump sum or pension payment. See below for details.

Contributions tax

All money paid into your super by your employer is taxed at 15%. This is known as the contributions tax and also applies to any contributions you make from your before-tax pay (salary sacrifice). The contributions tax is deducted directly from your LGsuper account. If you do not give us your tax file number or exceed the contributions limits (see page 1 of this guide) your contributions will be taxed at the top marginal rate of 45% plus the Medicare levy.

The money you put into your super from your after-tax earnings does not incur the contributions tax, so long as you do not exceed the non-concessional cap.

Investment earnings tax

The money put into your super account is invested. Income from investment returns is taxed at 15%. However, the actual tax rate payable by super funds is generally less than 15% because of allowable deductions, tax credits and offsets. The investment earnings you receive are the amount after the deduction of tax on investment income.

The flood levy

The Temporary Flood and Cyclone Reconstruction Levy (flood levy) was introduced by the Australian Government in response to the recent natural disasters that devastated communities across Queensland and the nation. Money raised through the levy benefits individuals and businesses through the rebuilding of affected communities.

The flood levy applies from 1 July 2011 to individual taxable income (including the taxable components of some lump-sum superannuation payments and income streams) over \$50,000 for the 2011/12 financial year only. If you were affected by these disasters you might not have to pay it at all. Contact the Australian Taxation Office for clarification.

How does the flood levy work?

If you are required to pay the flood levy you only pay it on amounts over \$50,000 dollars. The levy increases for amounts over \$100,000.

Taxable income	Levy rate	You pay
Up to \$50,000	Nil	Nil
\$50,000.01-\$100,000	0.5%	Half a cent for every \$1 over \$50,000
\$100,001 and over	1%	1 cent for every \$1 over \$100,000

Our *Understanding the flood levy info sheet* contains more information. For a copy visit our website at www.lgsuper.org or call us on 1800 444 396.

Tax on lump sum withdrawals

Any lump sum you withdraw from LGsuper is generally made up of two components—tax-free and taxable. You are unable to choose the tax components your withdrawal comes from.

Tax-free

The tax-free component is always tax free and includes any pre-July 1983 component at 30 June 2007 and all after-tax contributions paid in after 1 July 2007, such as:

- super co-contribution
- spouse contributions received
- voluntary contributions for which no tax deduction has been claimed
- any tax-free components of money transferred from other super funds to LGsuper
- any tax-free components of eligible termination payments transferred to LGsuper
- any amounts that are tax-free as a result of total and permanent disability or terminal illness
- capital gains tax-exempt contributions (lifetime limit)

Taxable

The rest of your money is called the taxable component, and generally grows with:

- employer and salary sacrifice contributions
- voluntary contributions for which a tax deduction has been claimed
- investment earnings

Your taxable component is taxed as follows, depending on your age when you make a withdrawal. To find out your preservation age, see the table on page 1 of this guide.

Your age	Taxable component
Under preservation age	Taxed at 20% plus the Medicare levy. The flood levy also applies.
Preservation age—59	First \$165,000 tax-free (2011/2012). Amounts above taxed at 15% plus the Medicare levy. The flood levy also applies to amounts over \$50,000.
60 plus	Tax and flood-levy free.

Tax on disability or terminal illness

If you suffer a total and permanent disability before the age of 60, an additional portion of your benefit will become tax-free. The flood levy may apply. If you become terminally ill, your full benefit will be tax and flood-levy free.

Tax on death benefits

Death benefits are tax and flood levy-free if paid to a dependant as defined by the ATO. Your spouse (married, de facto or same sex partner), child under the age of 18 years (including step-children and adopted children), anyone who is financially dependent on you at the time you die and those in an interdependent relationship are considered dependants for tax purposes. If your death benefit is paid to anyone else though, the taxable component will be taxed at 15% (plus the Medicare levy) and any untaxed component taxed at 30% (plus the Medicare levy). The flood levy will also apply in this instance.

Temporary residents

Temporary residents who permanently leave Australia may be able to access their superannuation money. The Taxable component will be taxed at 35%.

If eligible, we suggest you claim your money directly from LGsuper within 6 months of leaving. Once 6 months have passed, LGsuper will be required to transfer your money to the Australian Taxation Office(ATO) if they request us to do so. Once transferred to the ATO, your money will not earn any interest and you will have to apply to the ATO for your money.

LGsuper adopts the ASIC class order relief (CO 09/437) that means we do not have to let you know if your benefit has been transferred to the Australian Taxation Office.

Family law

Superannuation held by many couples who have separated or divorced can be divided by agreement or court order.

If you were to split your superannuation in this way, a separate account would be created for your spouse, and they could then remain a member of LGsuper or transfer this money to another fund. Contact us for more information.

Privacy statement

As an LGsuper member you are part of the local government family. Like all families we understand each member's need for privacy—that's why we have stringent measures in place to protect your personal information. But why do we need these details in the first place and what do we do with your information once we get it?

Why does LGsuper collect my personal information?

LGsuper only collects your personal information if you consent to it. Once we have it, we only use it to administer your account and to keep you up-to-date with important changes that could affect your super or your insurance. We handle your information with the highest level of care and in line with the *Privacy Act 1988* and the *National Privacy Principles*.

How do you collect my information?

Where reasonable and practical, we collect personal information about you from you. Usually this information comes from forms that you complete. Your employer might also give us certain payroll-related information if you consent to it. At the time we collect your information we give you a collection statement. This statement summarises LGsuper's privacy statement in relation to the information being collected. If we collect personal information about you from somebody else, we will take reasonable steps to make sure you and the other party are aware of our privacy statement in relation to the information we collect. It's also worth knowing that if we need information about a potential beneficiary, we will ask them specifically for it.

What do you do with my personal information?

We use and disclose your personal information for a range of primary and secondary purposes only and for no other reasons unless you give your consent.

Primary purpose for collecting your personal information

The main reasons we ask for your personal information is so we can:

- start and maintain a correct superannuation account/record for you
- accurately calculate the amount of benefit you should receive
- communicate with you about your superannuation and insurance

It is necessary for us to collect personal information that will identify you and your superannuation entitlements. We do this so we can:

- work out the value of your death or disability benefit
- determine who a death benefit may be paid to
- assess whether we can release your benefits early

There might also be times when we collect certain sensitive personal, financial, and/or health information about you or sensitive personal and/or financial information about a potential beneficiary.

Secondary purpose for collecting your personal information

The information you give us may also be:

- disclosed by us to our insurers so we can give you death and disability insurance cover
- used by us or a trusted supplier to undertake market research with you
- used by us to search the Australian Taxation Office's lost member register
- disclosed by us to our trusted suppliers such as mailing houses or market research organisations so they can complete a business activity for us
- disclosed by us to government agencies to comply with legislation (like the *Income Tax Assessment Act*)
- used or disclosed for another purpose that is related to the primary purpose of collection, provided it is reasonable for this to occur

Why do you collect sensitive information?

Sensitive information relates to things such as your health or financial affairs. We only collect this information about you if:

- you consent to it
- it is required for either or both the primary or secondary purpose for collection
- it is destroyed or permanently de-identified as soon as the primary or secondary purpose for collection is fulfilled

We know this information is deeply personal and private and take extreme care handling and protecting it from unauthorised access. When collecting sensitive information, we will specify the purpose for its collection and provide an undertaking to use the information for that purpose only.

How do you keep my information safe?

Your personal information is secure from unauthorised access at all times. We have a number of measures in place to protect it such as information technology systems and internal personnel processes. In addition, we destroy or permanently de-identify personal and sensitive information that is no longer needed for primary or secondary collection purposes.

Our commitment to transparency

Our privacy statement is available to anyone who wants it. We will tell any member who asks:

- the type of personal information held about them
- why their personal information is being held
- how their information is collected and held
- how their personal information is used and disclosed

Can I access and correct my information?

If you have registered, you can access your personal account information through LGsuper online at anytime. In this secure member area on our website you can check details such as your date of birth, address and account information. You can also make some changes to these details if you need to. If you don't have internet access or have not yet registered to use LGsuper online, you can check and change your details by contacting us on 1800 444 396.

If you believe additional information we hold about you is inaccurate, incomplete or not up-to-date, we will take steps to correct it at no charge. Sometimes changes to information cannot be made. If we do not correct or change the information we hold about you when you ask us to we will tell you why.

Will LGsuper withhold information from me?

LGsuper will give you access to information we hold about you unless:

- providing access poses a serious and imminent threat to your health or life
- providing access will have an unreasonable impact on the privacy of other people
- the request for access is frivolous or vexatious
- providing access gives you information relating to existing or anticipated legal proceedings between you and LGsuper and the information would not be accessible by the process of discovery in those proceedings
- providing access would be unlawful
- denying access is required or authorised by law
- providing access is likely to prejudice an investigation of possible unlawful or improper activities
- providing access will prejudice the preparation for, or conduct of, proceedings before any court or tribunal, or implementation of its orders

What are identifiers?

An identifier in this instance is a unique code or number or combination of both used to distinguish one person or business or agency from another. We will not adopt as our own identifier, an identifier of a person assigned by another agency and disclosed by the person. Nor will we disclose to a third party the identifier assigned by another agency unless doing so is consistent with the primary or secondary purposes for collecting information.

What if I have a privacy concern?

Like you, we take your privacy seriously. If you have a concern about the way your privacy has been managed please contact our Privacy Officer immediately on 1800 444 396 or email info@lgsuper.org. If, after raising your concerns you are not happy with the outcome you can contact the Privacy Commissioner at www.privacy.gov.au or on 1300 363 992 (for the cost of a local call).

Enquiries, concerns and complaints

LGsuper is passionate about providing the personal service you want. We do our best to look after your wellbeing with individual attention, personal advice and quick responses to your needs.

How do I get my questions answered?

Whatever your question, we can answer it. Simply visit our website at www.lgsuper.org, call us on 1800 444 396, email info@lgsuper.org or send us a letter (see *Our complaints process* on the following page for address details).

Our enquiries procedure

Note

Where 'member' is mentioned it includes a former member and/or a beneficiary who is not a member of LGsuper.

Definition of enquiry

Request for information concerning a person's membership of the fund.

When an LGsuper member makes an enquiry, the following action is taken:



Verbal enquiry

A verbal enquiry (telephone or face-to-face) will be answered immediately where possible. If further research is needed to answer the query, the member will be contacted with a response by close of business the following day. In that case, an interim response will be given in the time frame outlined above, with an indication of when full details will be available.



Written enquiry

A written enquiry will be answered within 14 days from the date of receipt. If no answer is possible within this time, an interim response will be provided.

What do I do if I have a concern or complaint?

As a member of LGsuper you are part of the local government family. All families have their ups and downs. If you have a concern or if we do something you are unhappy about, we want you to tell us straight away so we can resolve the matter quickly.

Our complaints process

Definition of complaint

A complaint is where a member raises a concern about a decision by or conduct of the LGsuper Board of Directors or any other person acting on behalf of the Board.

All complaints should be submitted in writing to the Board's office by mail, fax or email.



The complaint will, in the first instance, be referred to the Complaints Officer. The Manager Compliance is assigned as the Board's Complaints Officer.



If the complaint relates to action taken by the Manager Compliance, then the Scheme Secretary will be the Complaints Officer for that particular complaint. Contact details for the Complaints Officer are as follows:

Address

Complaints Officer
Queensland Local Government Superannuation Board
GPO Box 264
Brisbane Qld 4001

Call (toll free)

1800 444 396

Fax number

07 3244 4344

Email

info@lgsuper.org

What does the Complaints Officer do?

Our Complaints Officer makes every effort to resolve your complaint without the need for further formal action. If the Board's management does not have the authority to resolve the complaint, the complaint will be referred to the Board of Directors for consideration.

The Complaints Officer will send an initial response/ acknowledgment within 14 days of receiving your complaint. Where necessary a full, formal response will be given within 90 days of receiving the complaint.

If an enquiry handled by any staff member of the Board develops into a complaint, it must be immediately referred to the Complaints Officer.

The Complaints Officer maintains a register to record each complaint received and the responses to them.

And if I'm still not happy?

If you believe our internal complaints process has not satisfactorily resolved your complaint, you can contact the Superannuation Complaints Tribunal (SCT). This is an independent body set up by the Australian Government to help members resolve certain types of complaints with fund trustees.

The SCT aims to resolve disputes in an informal manner by helping parties reach a mutually satisfactory outcome. If this is not possible, the SCT conducts a more formal review of the complaint. It then makes a determination that is binding on both parties.

To find out whether the SCT is able to handle a complaint you can contact them on the details below.

SCT contact details

Postal address

The Superannuation Complaints Tribunal
Locked Mail Bag 3060
Melbourne Vic 3001

Internet

www.sct.gov.au

Email

info@sct.gov.au

Phone

1300 884 114 (for the cost of a local call)

Facsimile

(03) 8635 5588



LGsuper

Looking after you
and your super

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The Queensland Local Government
Superannuation Board
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Local Government
Superannuation Scheme
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Local government
is our connection

Disclaimer: This *Member guide* has been produced by the Queensland Local Government Superannuation Board (ABN 94 085 088 484 AFSL 230511) (LGsuper) as Trustee of the Local Government Superannuation Scheme (ABN 23 053 121 564) and provides general information for LGsuper members.

LGsuper recommends that you should, before acting on this information, consider your own personal objectives, financial needs and situation. LGsuper recommends you consult a licensed financial advisor if you require advice that takes into account your personal circumstances. LGsuper has representatives that are authorised to provide personal advice on LGsuper products and superannuation in general.

The information in this document is up to date at the date of preparation of the document. Some of the information may change following its release. If the change is not significant we may not update the document immediately. Current information about investment performance and other issues will be published on our website and in our newsletters. We will send you a free printed copy at your request.

Where there is an inconsistency between this document and the Fund's rules as per the LGsuper Trust Deed and Government regulations, the rules in the Trust Deed and Government regulations shall prevail.