

super news 09

JUNE

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Mix'n'match to suit you

To give you more flexibility, from 1 July 2009, you will be able to invest your super balance in up to three (3) different investment options. You can currently choose only one investment option for your LGsuper account. But from 1 July you will be able to tailor your investment to suit your situation.

LGsuper in top 10 funds

As at 30 April 2009, LGsuper is ranked among the top 10 funds nationally for 3 year returns for our High Growth, Growth, Growth Smoothed, Balanced, Conservative and Defensive investment options*.

Despite the current economic climate, this is a great result for LGsuper members and validates our strategy of investing across a highly diversified range of asset classes to reduce risk.

*Source: SuperRatings Fund Crediting Rate Survey April 2009.

You nominate the percentage you would like invested in each option. For example, you might choose to invest 25% of your account balance in the Socially Responsible option and the remaining 75% in Growth. Or, you might choose to invest in three different options, such as 30% Cash, 30% Balanced and 40% Growth. It's up to you.

At the time you request an investment switch you will need to let us know which of your chosen options you would like future contributions and rollovers to go into.

The Growth Smoothed option is not available to members who wish to invest in multiple options, and members who are currently invested

in Growth Smoothed will forego this option if they choose to switch options or invest in multiple options.

You should consider reviewing your investment strategy regularly to ensure your current investments best suit your needs. And don't forget, LGsuper offers you up to four investment switches each financial year — at no cost.

Of course, if you would prefer to leave your super invested as it is currently, there is no need to do anything.

For more information see our *Investment choice guide*. It's available from www.lgsuper.org or contact 1800 444 396 and we will mail a copy to you.

2009 Budget

what it means for your super

The May Budget contained a number of changes that could affect your super.

Reduced limits on contributions

From 1 July 2009, limits on before-tax contributions have been halved. These limits include employer and any salary sacrifice contributions.

If you are currently salary sacrificing your 6% standard member contribution, receive substantial employer contributions or make extra contributions you should check to ensure you will not exceed these limits in 2009/10. Contributions above the limits shown below will be taxed at 46.5% (including medicare levy).

The before-tax contributions limit does not apply if you have a defined benefit and salary sacrifice your 7.05882% contribution (up to 2012). If you salary sacrifice additional amounts you will need to ensure you do not exceed the limits below.

If you are unsure whether this change will affect you, you can contact us on 1800 444 396. Or, if you need advice on what's best for you, you should speak to your accountant or a qualified financial planner. To make changes to your salary sacrifice arrangements, talk to your employer.

Under age 50 before-tax contributions limit

2008/09 limit	2009/10 limit
\$50,000	\$25,000

Age 50 plus transitional before-tax contributions limit (up to 30 June 2012)

2008/09 limit	2009/10 limit
\$100,000	\$50,000

The after-tax contributions cap will remain at \$150,000 for 2009/10.

Super co-contribution temporarily reduced

The super co-contribution will be temporarily reduced for the five financial years from 1 July 2009.

During 2009/10 the government will put in \$1 (previously \$1.50) for every \$1 you contribute to super, if you are employed and your total income is less than \$31,920. The co-contribution will gradually reduce 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 will be \$1,000 (previously \$1,500).

Increase in pension age

The age at which individuals are able to access the age pension is due to increase to 67 by 1 July 2023. The age increase will be phased in progressively from 1 July 2017 for those born from 1 July 1952 onwards.

Increase in age pension rate

From 20 September 2009, the single age pension rate will increase by \$32.49 per week and couples on the full rate of pension will receive an increase of \$10.14 per week (combined). For individuals who exceed the income test threshold the age pension rate will reduce by \$0.50 (previously \$0.40) for every \$1 over the threshold.

Minimum pension drawdown reduction extended

The 50% reduction in the minimum drawdown factors that applied to pensions in 2008/09 will be extended for a further 12 months as shown below.

Age	Minimum drawdown factor for 2009/10
Under 65	2%
65–74	2.5%
75–79	3%
80–84	3.5%

Personal income tax rates lowered

From 1 July 2009, the 30% threshold will increase to \$35,001 (previously \$34,001) and the 40% marginal tax rate will reduce to 38%.

Taxable income 2009/10	Tax rate
\$0–\$6,000	0
\$6,001–\$35,000	15
\$35,001–\$80,000	30
\$80,001–\$180,000	38
\$180,001 +	45



Future returns from Growth Smoothed

The return allocated to members in the Growth Smoothed option is determined by the formula (opening balance of reserves plus/minus the return on investments) multiplied by 60%, subject to the reserves not falling below 1% of members' balances. In early 2008/09 the amount of reserves reached the minimum level of 1% and subsequent negative investment returns have been passed on to members.

The return for 2009/10 and future years will be impacted by the re-building of the reserves. Therefore, the return allocated to members in the Growth Smoothed option is expected to be lower than that for the Growth (non-smoothed) option until the reserves are built up to a higher level.

For more information, call our Member Advice team on 1800 444 396.

Government counts salary sacrifice as income

Australian Government changes from 1 July this year will see salary sacrifice contributions count toward total income for a range of superannuation, Centrelink and taxation benefits.

Based on advice recently obtained by LGsuper, it appears that all salary sacrifice contributions, including salary sacrificed 6% standard member contributions, will be counted toward total income for these purposes.

The following could be affected by your salary sacrifice contributions:

Superannuation

- super co-contributions
- tax deductions for super contributions by the self-employed
- spouse contribution tax offset

Centrelink, tax and other

- Commonwealth seniors health card
- childcare benefit
- baby bonus
- child support
- senior Australian tax offset
- mature age worker tax offset
- family tax benefits
- medicare levy surcharge
- higher education loan program (HELP)

To find out more on how salary sacrifice works, call our Member Advice team on 1800 444 396 or visit www.lgsuper.org. Or to seek advice on how this change may affect your overall financial situation, contact your accountant or a qualified financial planner.

Same sex couples receive equal treatment

The Australian Government has introduced changes to include same sex partners in the spouse definition for a range of purposes.

This means same sex couples can:

- make spouse contributions to superannuation (since 1 July 2008)
- claim a tax offset on spouse contributions made from the 2009/10 financial year onwards
- receive tax free benefits on the death of their spouse
- have their children receive tax free benefits on their death

LGsuper has adopted all of these changes and amended its trust deed from April 2009.

These changes are in addition to those that recognise same sex partners as defacto couples under family law provisions from November 2008.

Separating defacto couples can split super

From 1 March 2009 family law provisions, including the ability to obtain a court order to split superannuation benefits on separation, have been extended from married couples to defacto couples (including same sex partners). This change applies to couples in most states, including Queensland.

For more information get a copy of our *Family law and superannuation info sheet* from www.lgsuper.org

LGsuper pension payments go monthly

Changes to LGsuper pensions from 1 July will give members the option of receiving their payments monthly, in addition to the quarterly, half-yearly and annual payment options currently available. At the same time, pension payment dates will be changing to the 28th of the month.

Existing pensioners will be asked to select how often they would like to receive their pension when their statement and paperwork is sent in early August.

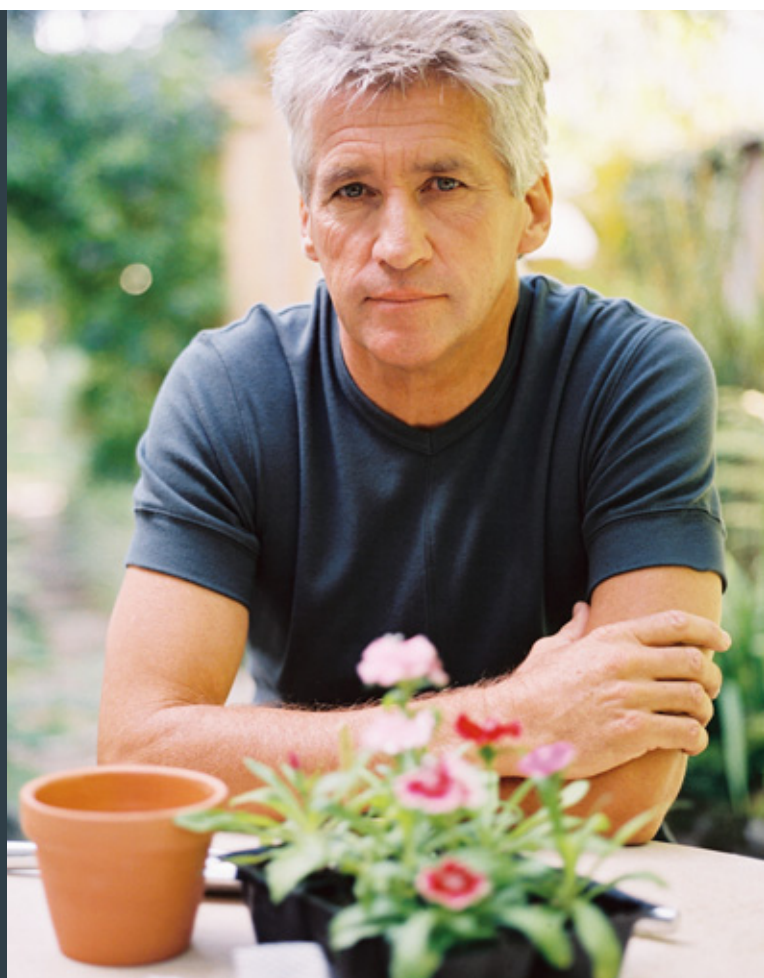
For more information on LGsuper's pensions, download a copy of the Pensions guide (PDS) available at www.lgsuper.org or call us on 1800 444 396.

LGsuper death benefit distribution changes

Until March 2009 LGsuper's Trust Deed required the LGsuper Board of Directors to give priority to a member's spouse, financially dependent children or estate when deciding how to distribute a death benefit.

Recent changes to the Trust Deed, effective 1 April 2009, allow the Board to consider any person who meets the definition of "dependant" under superannuation legislation. This means the Board can now also consider claims from non-financially dependent (mature-age) children, anyone who is in an interdependent relationship with the member (e.g. a carer), or a child of a defacto spouse (including a same-sex partner).

It is important to have a clear strategy for how you want your assets, including your super, distributed upon your death. Be sure to keep an up-to-date Will and to nominate the preferred beneficiaries for your super by logging onto LGsuper Online at www.lgsuper.org or completing our *Nomination of beneficiary form*.



Investment returns

Interim earning rates

Investment option

Accumulation accounts	10 months to 30/04/09 (%)	5-yr average to 30/06/08 (%p.a.)
High Growth	-18.38	n/a
Growth Smoothed	-15.91	10.52
Growth	-16.14	10.75
Socially Responsible	-12.26	n/a
Balanced	-10.59	8.96
Conservative	-5.96	7.48
Defensive	-1.88	n/a
Cash	3.15	4.90

Pension accounts	10 months to 30/04/09 (%)	5-yr average to 30/06/08 (%p.a.)
High Growth	-20.12	n/a
Growth Smoothed	-16.75	11.19
Growth	-17.66	11.47
Socially Responsible	-13.45	n/a
Balanced	-11.65	9.73
Conservative	-6.62	8.28
Defensive	-2.07	n/a
Cash	3.80	5.74

The High Growth, Socially Responsible and Defensive Options were introduced from 1/1/06. The Conservative option became available from 1/4/03

Defined Benefit Fund	Rate from 29/05/09 (%)	5-yr average to 30/06/08 (%p.a.)
Accumulation Comparison Rate	-27.23	9.82

Market update

At 30 April 2009

International shares

Global sharemarkets extended the rally that began in March to produce another month of strong gains in April. Investors took heart from strong first quarter profits for some US banks (Wells Fargo and Goldman Sachs) and economic data that pointed to an improving global economy. Policy makers remain committed to supporting the financial system and the economy.

The major developed sharemarkets ended the month sharply higher. The US and UK markets gained 9.67% and 8.49% respectively, while Japanese shares were up 8.29% for the month. Europe ex-UK shares outperformed other markets, ending the month up 14.91%. Hedged international shares gained 10.64% in April.

Australian shares

The Australian market gained 5.57% in April as risk amongst investors improved on better-than-expected economic data.

Compared to the strong performance put in by other major markets, the local market underperformed in comparison; a stronger Australian dollar and the realisation that the Reserve Bank of Australia (RBA) may be nearing the end of its easing cycle provided some headwind. Industrials generally outperformed, while banks underperformed, weighed down by increasing provisions for bad debt as the prospect for consumer credit worsens.

Cash and fixed interest

Despite the promise of low interest rates by a number of key central banks, global bond yields were higher over the month on the flow of improved economic data, increased supply and concerns over fiscal deficits in a number of countries. The US 10-year bond yield ended the month higher at 3.13%. Australian 10-year bond yields were also higher, ending the month at 4.57% on reduced expectations of further rate cuts by the RBA.

Source: QIC Limited.

LGsuper seminars

Here's where we'll be visiting from July through to the end of the year. Book a seat at our Retirement preparation or Investment update seminars online, or ask your HR area for more details on any of the workplace visits below.

Take control of your super seminars

Location	Date
Banana	24 July
Boulia	27 July
Bulloo	15 July
Central Highlands—Springsure	23 July
Cloncurry	7 July
Diamantina—Bedourie	28 July
Diamantina—Birdsville	29 July
Flinders	9 July
Gladstone	20 July
Gladstone—Agnes Waters	21 July
Gladstone—Calliope	22 July
Gladstone—Miriam Vale	21 July
Gold Coast	17–20 August
Lockyer Valley—Gatton	4 September
Lockyer Valley—Laidley	4 September
McKinlay	7 July
Moreton Bay—Caboolture	3–4 August
Moreton Bay—Pine Rivers	5–6 August
Moreton Bay—Redcliffe	7 August
Mt Isa	6 July
Murweh	13 July
Paroo	16 July
Quilpie	14 July
Richmond	8 July
Sunshine Coast—Caloundra	11 September
Sunshine Coast—Maroochydore	8 September
Toowoomba	2–3 September

Retirement preparation seminars

Location	Date
Brisbane (north)	7 August
Brisbane (south)	24 August
Gold Coast	21 August and 9 October
Ipswich	28 August
Logan	14 August
Sunshine Coast	7 September and 12 October
Toowoomba	31 August

Investment update seminars

Location	Date
Brisbane (north)	13 August
Brisbane (south)	27 August
Cairns	14 September
Hervey Bay	10 August
Ipswich	18 August
Rockhampton	19 October
Sunshine Coast	11 August
Toowoomba	1 September
Townsville	28 September
Gold Coast	26 August



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