



2010 Budget – What it means for super



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JUNE 2010

2010 Budget – what it means for super

The 2010 Budget and the Government's response to the Henry Tax Review contained a number of measures that could affect your super.

Fixed limits for contributions

The under age 50 before-tax contributions limit will remain at \$25,000, while for those aged 50 and over the transitional before-tax contributions limit will remain at \$50,000 for the 2010/11 and 2011/12 financial years. These limits include employer and any salary sacrifice contributions.

The after-tax contributions limit will remain at \$150,000 for 2010/11.

From 1 July 2012, persons over age 50 with a total superannuation balance of less than \$500,000 will continue to have a before-tax contributions limit of \$50,000 (indexed).

Permanent reduction to the Government co-contribution

The maximum superannuation co-contribution payable will be permanently reduced to \$1000. Previously, it was intended that the maximum co-contribution would be reduced from \$1500 to \$1000 for a period of 3 years, before increasing to \$1250 for 2 years and then returning to \$1500 from 1 July 2014.

During 2010/11 the Government will put in \$1 for every \$1 you contribute to your super, if you are employed and your total income is less than \$31,920 p.a. The co-contribution will gradually reduce for incomes above \$31,920 p.a. before cutting out completely for incomes above \$61,920 p.a.

The eligibility thresholds for the co-contribution will continue to apply for the 2011/12 financial year. The thresholds will start to be indexed from 1 July 2012.

Government contributions tax rebate for low income earners

From 1 July 2012, the Government will introduce an annual \$500 rebate to superannuation for low income earners with an adjusted taxable income below \$37,000, to offset the contributions tax payable on their Superannuation Guarantee (SG) contributions.

Personal income tax rates lowered

From 1 July 2010, the 30% income tax threshold will increase from \$35,001 to \$37,001 and the marginal tax rate for incomes between \$80,001 and \$180,000 will reduce from 38% to 37%.

Taxable income 2010/11	Tax rate
\$0–\$6000	0
\$6001–\$37,000	15
\$37,001–\$80,000	30
\$80,001–\$180,000	37
\$ 180,001 +	45

The low-income tax offset will increase from \$1350 to \$1500 for those eligible. This means that no income tax will be payable on the first \$16,000 of income.

Persons eligible for the Senior Australian Tax Offset can now earn \$30,685 (singles), or \$26,680 each (couples), before paying income tax or the Medicare Levy.

An increase to the Superannuation Guarantee (SG) rate

In its response to the Henry Review, the Government announced its intention to increase the SG rate from 9% to 12% over a 7-year period. The rate will increase from 1 July 2013 as follows:

Financial year	Rate
Until 30 June 2013	9%
1 July 2013 – 30 June 2014	9.25%
1 July 2014 – 30 June 2015	9.5%
1 July 2015 – 30 June 2016	10%
1 July 2016 – 30 June 2017	10.5%
1 July 2017 – 30 June 2018	11%
1 July 2018 – 30 June 2019	11.5%
1 July 2019 onward	12%

An increase to the eligibility age for SG

Currently employers are required to pay SG contributions for employees who are under age 70. In response to the Henry review, the Government announced an increase to the eligibility age to 75 from 1 July 2013.

Tax discount on savings interest

From 1 July 2011, a 50% tax discount will apply for the first \$1000 of interest earned on a range of savings products, deposits held in banks, building societies and credit unions, bonds, debentures and annuity products.

Please note that all of the measures outlined above are proposals only and have not yet been legislated.

Our website tailored to you

In the next couple of months you will notice some changes to our website. New sections are currently being developed specifically for super members and retired members. These sections will be tailored to ensure their content is relevant to you, wherever you are in life.

New calculators will be available to project your retirement savings and find out how long it will last, to see whether salary sacrifice is right for you, or to determine whether you are eligible for a super co-contribution. Of course, all the other information and features you currently enjoy will still be available in a fresher format that will make it faster and easier to find what you are looking for.

When you see our new home page, simply click on *I'm a super member* or *I'm a retired member* to enter the section that best suits your situation, or use the shortcuts on the home page to get to frequently visited pages such as earning rates and forms.

We will include a more detailed profile of our new website in the Spring 2010 edition of *SuperNews*.

Minimum pension drawdown rates

In light of the global economic crisis, the Australian government reduced the minimum pension drawdown rates by 50% for 2008/09 and 2009/10.

From 1 July 2010, the reduced rates will no longer apply. Therefore, the minimum pension drawdown rates for 2010/11 will be double the rates that applied in 2009/10, as follows:

Age	Minimum drawdown factor for 2009/10	Minimum drawdown factor for 2010/11
Under 65	2%	4%
65-74	2.5%	5%
75-79	3%	6%
80-84	3.5%	7%
85-89	4.5%	9%
90-94	5.5%	11%
95 plus	7%	14%

LGsuper will write to all pension members in mid-June to advise you of the impact of the above changes to your pension payments for 2010/11. If you have any questions about your Pension account or your pension payments, please call us on 1800 444 396.



LGsuper seminars

Here's where we'll be visiting through to the end of the year.

Build a super financial future workplace seminars

Location	Date
Banana – Biloela	19/08/2010
Banana – Taroom	20/08/2010
Barcaldine	14/09/2010
Barcaldine – Aramac	09/09/2010
Barcaldine – Jericho	16/09/2010
Barcoo	13/09/2010
Blackall-Tambo – Blackall	15/09/2010
Blackall-Tambo – Tambo	15/09/2010
Boulia	05/07/2010
Bulloo	20/10/2010
Burke	13/10/2010
Cairns	09/06/2010
Cairns – Douglas	08/06/2010
Carpentaria	12/10/2010
Cassowary Coast – Cardwell	11/06/2010
Cassowary Coast – Johnston	10/06/2010
Charters Towers	27/09/2010
Charters Towers – Dalrymple	27/09/2010
Cloncurry	01/06/2010
Cook	07/06/2010
Croydon	12/10/2010
Diamantina – Bedouri	06/07/2010
Diamantina – Birdsville	07/07/2010
Etheridge	11/10/2010
Flinders	03/06/2010
Fraser Coast – Hervey Bay	13/07/2010
Fraser Coast – Maryborough	14/07/2010
Fraser Coast – Tiaro	15/07/2010
Fraser Coast – Woocoo	15/07/2010
Gladstone	16/08/2010
Gladstone – Calliope	17/08/2010
Gladstone – Miriam Vale	18/08/2010
Gympie	05/08/2010
Gympie – Kilkivan	06/08/2010
Hinchinbrook	01/10/2010
Ipswich	05/10/2010
Lockyer Valley – Gatton	06/10/2010
Lockyer Valley – Laidley	07/10/2010
Logan	04/10/2010
Longreach	07/09/2010
Longreach – Ilfracombe	08/09/2010
Longreach – Isisford	08/09/2010
Mackay	19/07/2010
Mackay – Mirani	20/07/2010
Mackay – Sarina	20/07/2010
McInlay	01/06/2010
Moreton Bay – Caboolture	30/08/2010
Moreton Bay – Pine Rivers	31/08/2010

Location	Date
Moreton Bay – Pine Rivers	01/09/2010
Moreton Bay – Redcliffe	02/09/2010
Murweh	18/10/2010
North Burnett – Biggenden	25/06/2010
North Burnett – Eidsvold	23/06/2010
North Burnett – Gayndah	24/06/2010
North Burnett – Monto	22/06/2010
North Burnett – Mt Perry	21/06/2010
North Burnett – Mundubbera	24/06/2010
Paroo	21/10/2010
Quilpie	19/10/2010
Redland	13/08/2010
Richmond	02/06/2010
Rockhampton	26/07/2010
Rockhampton – Gracemere	29/07/2010
Rockhampton – Livingstone	27/07/2010
Rockhampton – Mt Morgan	28/07/2010
Scenic Rim – Beaudesert	24/08/2010
Scenic Rim – Boonah	25/08/2010
Somerset – Esk	16/06/2010
Somerset – Kilcoy	17/06/2010
Somerset – Lowood	17/06/2010
South Burnett – Blackbutt	2/08/2010
South Burnett – Cherbourg	4/08/2010
South Burnett – Kingaroy	3/08/2010
South Burnett – Murgon	4/08/2010
South Burnett – Nanango	2/08/2010
South Burnett – Wondai	3/08/2010
Sunshine Coast – Caloundra	14/07/2010
Sunshine Coast – Maroochydore	12/07/2010
Sunshine Coast – Maroochydore	13/07/2010
Sunshine Coast – Noosa	15/07/2010
Tablelands – Atherton	24/09/2010
Tablelands – Herberton	22/09/2010
Tablelands – Malanda	23/09/2010
Tablelands – Mareeba	21/09/2010
Toowoomba	23/08/2010
Toowoomba – Clifton	27/08/2010
Toowoomba – Crows Nest	25/08/2010
Toowoomba – Goombungee	25/08/2010
Toowoomba – Greenmount	27/08/2010
Toowoomba – Millmerran	26/08/2010
Toowoomba – Oakey	24/08/2010
Toowoomba – Pittsworth	26/08/2010
Townsville	28/09/2010
Townsville – Burdekin	30/09/2010
Townsville – Thuringowa	29/09/2010
Whitsunday – Bowen	22/07/2010
Whitsunday – Proserpine	21/07/2010
Wide Bay Water	12/07/2010
Wide Bay Water – Brisbane	3/09/2010
Winton	10/09/2010

Are your affairs in order?



Retirement preparation seminars

Location	Date
Brisbane (north) – Norths Leagues Club, Kallangur	03/08/2010
Brisbane (south) – Carina Leagues Club	06/08/2010
Cairns – Brothers Leagues Club, Manunda	20/09/2010
Gold Coast – Southport Sharks AFC	09/08/2010
Hervey Bay – Hervey Bay Boat Club, Urangan	18/08/2010
Ipswich – Brothers Leagues Club, Raceview	13/08/2010
Logan – Logan Diggers	17/09/2010
Longreach – Longreach Regional Council	11/10/2010
Mackay – Magpies Leagues Club, Mackay	04/10/2010
Mount Isa – Town Leagues Club	01/10/2010
Rockhampton – Rockhampton Leagues Club	13/09/2010
Sunshine Coast – Maroochy RSL	16/08/2010
Toowoomba – City Golf Club	23/08/2010
Townsville – Townsville RSL, Hermit Park	06/09/2010

Investment update seminars

Location	Date
Brisbane (north) – Norths Leagues Club, Kallangur	12/08/2010
Brisbane (south) – Carina Leagues Club	05/08/2010
Cairns – Brothers Leagues Club, Manunda	21/09/2010
Gold Coast – Southport Sharks AFC	09/08/2010
Gold Coast – Southport Sharks AFC	20/08/2010
Hervey Bay – Hervey Bay Boat Club, Urangan	19/08/2010
Ipswich – Brothers Leagues Club, Raceview	30/09/2010
Longreach – Longreach Regional Council	12/10/2010
Mackay – Magpies Leagues Club, Mackay	05/10/2010
Mount Isa – Town Leagues Club	01/10/2010
Rockhampton – Rockhampton Leagues Club	14/09/2010
Sunshine Coast – Maroochy RSL	16/08/2010
Sunshine Coast – Maroochy RSL	26/08/2010
Toowoomba – City Golf Club, Toowoomba	24/09/2010
Townsville – Townsville RSL, Hermit Park	07/09/2010

Did you know that with LGsuper you can nominate who you would like to receive your super or insurance benefits in the event of your death?

You can nominate your preferred beneficiary or beneficiaries using *LGsuper online*, or by completing the *Nomination of beneficiary form* available from the forms section of our website.

In the event of your death, the LGsuper Board of Directors will look for all dependants before paying a death benefit. So even though you can nominate a preferred beneficiary or beneficiaries, your nomination is not binding, however it will be used as a guide.

If you haven't already done so, LGsuper recommends you make a Will and keep it up to date. Leaving a clear guide on how you want your assets distributed is cost effective, may avoid lengthy court battles over "who gets what", and can give you peace of mind now.

An up-to-date Will is particularly important when life-changing circumstances occur. At a minimum you should review your Will every 3 to 5 years or on:

- marriage, divorce or separation
- starting a de-facto relationship
- the birth of children or grandchildren
- death of a beneficiary or the executor of your Will
- a change in your financial situation

For more information on making a Will, contact your solicitor or the Public Trustee of Queensland at www.pt.qld.gov.au or on 07 3213 9288.

Book a seat today!

To secure your seat(s) for a *Retirement preparation seminar* or an *Investment update seminar*, simply register online at www.lgsuper.org (click on *Services*, then *Seminars*). To attend a *Build a super financial future seminar*, be sure to contact your HR area for details of the next seminar near you.

Investment market volatility

Due to significant market volatility during May, we are not publishing earning rates in this issue of SuperNews. The latest earning rates can be viewed at www.lgsuper.org

Why are the markets volatile?

The recent volatility stems from the European sovereign debt crisis that began with the downgrading of Greece's debt ratings in April. Subsequently, ratings agencies have downgraded sovereign debt in several European countries. The developments in Europe have seen sovereign default risk spike, resulting in the Euro falling against the USD, bond yields in some European countries rising sharply, and equity prices collapsing.

In early May, Europe's Finance Ministers held an emergency meeting which resulted in a rescue package aimed at ensuring financial stability across Europe. Global sharemarkets initially surged on this news, but have since questioned the sustainability of world growth over the next year.

Markets are still risk averse following the 2008 global economic crisis and the recent events in Europe, policy actions in the US Senate, German restrictions on short-selling European sovereign bonds, Korean tensions and China's strategy to slow economic growth have weighed on sentiment.

At the time of writing, global sharemarkets had fallen 7.5% during May and the Australian sharemarket had fallen 7.6%.

Where can I get more information?

LGsuper provides weekly updates on investment markets. To keep up to date with what's happening, visit www.lgsuper.org, click on Investments, then Weekly economic brief.



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