



# NESS Members' Super Newsletter

New South Wales Electrical Superannuation Scheme Pty Ltd ABN 28 003 156 812, RSE Licence No. L0000161, Australian Financial Services Licence No. 238945 as trustee of the New South Wales Electrical Superannuation Scheme ABN 72 229 227 691 RSE Registration No. R1000115

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## How to contact NESS Administration

-  1800 022 067
-  Locked Bag 20  
Parramatta NSW 2124
-  [www.nesssuper.com.au](http://www.nesssuper.com.au)

## NESS is planning to offer pensions to members

Are you approaching age 55 or retirement?

Following the recent changes to super, account based pensions are an extremely tax effective way to receive income to live on from a super fund. NESS will offer members 2 types of pensions:

### 1. Transition to Retirement

You can receive a pension while you are still working. If you are aged between 55 and 65 and want to:

- a) reduce your working week and make up the difference by converting your NESS account into a pension. See example 1 below

**or**

- b) Continue to work full time, draw a pension and salary sacrifice an equivalent pre tax amount to your NESS accumulation account. This may reduce your annual tax liability. See example 2 below.

The amount that you can receive annually is limited to 10% of the amount in your pension account each year.

#### Example 1:

You are age 55 and earn \$60,000 a year and plan to reduce that to \$48,000 by working 4 days a week. Because less tax is paid on a pension, you would need to draw \$9,845 gross to have the same net income. You will need at least \$98,450 in your pension account.

#### Example 2:

You are age 60 and earn \$60,000 a year and decide to draw a pension and salary sacrifice an equivalent pre tax amount into NESS. You have received financial advice that taking a pension and reducing your gross income will save you income tax, increase your super contributions and eliminate the tax on your super pension and investment earnings.

### 2. Retirement Pension

If you have retired and are aged 55 or more, you can apply to have your NESS benefit paid as a pension. Once you are aged 60, your pension is totally tax free. More information will be provided to members about our pension option by March this year. Please contact us to reserve a PDS or check our Web site. Money Solutions can provide you with helpful advice at their retirement seminars planned for this year. See their article over the page.

If you require advice on your retirement needs you can call our financial planning service, Money Solutions. Assuming you have an account balance above \$2,000, your first call to Money Solutions is covered by NESS. All further calls or advice will be charged to you by Money Solutions.



## Does NESS have your tax file number (TFN)?

On 1 July 2007 new legislation applies that may penalise you if you haven't provided NESS with your TFN.

From that date NESS is unable to:

- Receive personal contributions; or
- Allocate a spouse contribution where we do not have the receiving spouse's TFN.
- Further to this, NESS must deduct 46.5% tax from all Employer contributions paid. This includes both Superannuation Guarantee and Salary Sacrifice amounts.

Check your statement to see if NESS has your TFN. If we don't, please contact us to provide it as soon as possible.

## Personal contributions and the government Co-Contribution scheme

If you are employed, have total income of less than \$58,980 in the current financial year and you pay personal contributions to NESS, you may be eligible to receive the Government Co-Contribution. The Government will pay to your nominated superannuation fund \$1.50 for every \$1.00 contributed.

For more information on the Government Co-Contribution please contact NESS on 1800 022 067 or go to the ATO web site <http://ato.gov.au/individuals/> then, from the menu on the left, select superannuation, then Individuals superannuation essentials, then Growing your super, then Super co-contributions.

## Your investment choices

NESS has 5 investment options for members to choose. They can be mixed in any proportion so that you can tailor your personal risk/return ratio. More information on these options can be found in the 2006/2007 Annual Report. If you want advice on which investment choice or mix of investment choices best suits your needs, give NESS a call and we will transfer you to our financial planning service, Money Solutions.

## NESS' Investment Performance

Interest is allocated to your account after 30 June each year. NESS does not accumulate profits, therefore, apart from a small reserve, all investment earnings, less operating expenses are credited to members' accounts.

NESS has achieved its investment objectives of solid consistent results over the years shown in the table below:

| NESS Option | 5 years compound to June 2007 | 3 years compound to June 2007 | 12 months to June 2007 | 6 months to December 2007 |
|-------------|-------------------------------|-------------------------------|------------------------|---------------------------|
| High Growth | N/A                           | 18.2%                         | 18.7%                  | 1.4%                      |
| Property    | N/A                           | 14.3%                         | 16.9%                  | 4.9%                      |
| Balanced    | 11.4%                         | 14.7%                         | 15.0%                  | 2.0%                      |
| Stable      | 8.8%                          | 10.4%                         | 10.9%                  | 2.2%                      |
| Cash        | N/A                           | 5.6%                          | 5.1%                   | 1.9%                      |

January 2008 has seen severe losses in stock markets both in Australia and globally. This is largely the result of what is referred to as the 'US sub-prime crisis'. October 2007 saw the emergence of significant problems within the US sub-prime mortgage market.

The US is the world's largest economy and any slow down impacts the global economy, including Australia's. Australia has limited direct exposure to the underlying cause of these losses but is affected by the uncertainty that is being experienced in financial markets worldwide.

The Australian economy continues to show signs of solid growth. It has closer links to China and Asia and the strong growth rates in this part of the world should help us weather this downturn.

It is likely that markets will continue to be volatile and result in lower returns in the current financial year, compared with those earned by super funds over the past four years.

NESS' investment options are well diversified and based on sound investment philosophies that have stood the test of time and volatile markets such as we are currently experiencing.

## NESS and Money Solutions can assist members achieve Financial Wellbeing in retirement!!

Financial wellbeing is achieved when you have compared each of your retirement income options and choices to find the best path for you to achieve your goals. You will then be confident that you are making the right decisions for your lifestage.

One of the best ways to make sure that you maximise your retirement income is to participate in a professional planning process that will broaden your financial awareness and generate ideas and decisions for your personal situation.

That is why NESS makes the services of Money Solutions Pty Ltd, (ABN 36 105 811 836, AFSL 258145) available to members. You will benefit from a personal, high quality, low cost planning process that will focus on your goals and respond to your needs. Money Solutions will help you with a financial plan or to compare each of your options in the following areas:

### What is your current financial situation and your retirement income goals?

You will benefit from a review and analysis of your current financial situation and understand the choices that you have that will enable you to plan how to fund your retirement.

### Have you considered Estate Planning?

Have you reviewed your options for estate planning so that you are aware of your choices of where your money goes when you die.

**Money Solution's strength** is in providing fee based services, advice, learning tools and research to assist members of NESS, who:

- Like to speak to people in terms that they understand
- Require an objective review and analysis of their current situation
- Want to make the most of their financial resources – both now and in the future
- Benefit from interactive tools to compare, understand and evaluate the alternatives.
- Prefer their adviser to have professional qualifications, experience and a commitment to finding the right solutions to their individual needs.

Money Solutions does not take commissions. It charges a flat fee for service. So our advisers are free to recommend strategies that are about YOU. You will receive a quote for services after your initial consultation, by telephone or face to face.

### Choice of Services

To make an appointment for a personal or telephone meeting please call 1800 046 144

or

### Book into a COMPLIMENTARY Managing Super Seminar (under 55s) OR Retirement Seminar

Call 1800 046 144 to register or to ask about the next one near you.

Money Solutions will give you no-fuss, practical, transparent personal support and advice, a little or a lot – it is up to you. Your experience with the Money Solutions planning process will make sure you are confident to make the right decisions for you both now and into the future.

### Assess your retirement income needs

Cash flow management will be critical when you retire. Have you identified how much income you need to live on each month? How much you can draw down for larger one off expenses? A good cash flow management plan will give you a method to manage your money both now and in the future.

### Assess your investment options and returns

Have you calculated the average return you need and the appropriate mix of investment options to generate your long term income needs for the required amount of time?

### Can you maximise government benefits?

Have you projected your assets and income to assess your future entitlements to Centrelink benefits. This income may be used to top up your superannuation pension income so that your money lasts longer.

### Can you minimise your Tax?

Have you identified whether your lifestage and financial situation will provide you with opportunities to increase your savings and reduce your tax by investing in superannuation and receiving an income that may be tax free when you retire? Strategies may include making additional contributions, salary sacrifice, co-contributions and a transition to retirement pension.



## Changes to the calculation of the super guarantee

From 1 July 2008, employers have to use ordinary time earnings (OTE) as defined in the superannuation guarantee law, to calculate super guarantee contributions for their employees. This ensures all employees are treated the same for super guarantee purposes.

If your employer is using an earnings base other than OTE, to calculate your super guarantee contributions, it must start using ordinary time earnings from 1 July 2008.

## What are ordinary time earnings?

Ordinary time earnings are generally what employees earn for their ordinary hours of work, including:

- over-award payments
- commissions
- allowances, and
- paid leave.

Ordinary time earnings does not include overtime.

## What is an earnings base?

Most employees have ordinary time earnings as their earnings base, however some have another earnings base that may be contained in:

- an industrial award
- an existing agreement they have with their employer
- a fund's trust deed, or
- a law of the Commonwealth, States or Territories.

For more information contact the Australian Taxation Office:

- phone the publications ordering service on **1300 720 092** for copies of publications
- phone the ATO information line on **13 10 20** between 8.00am and 6.00pm, Monday to Friday to speak to a Tax Officer, or
- write to:

**Australian Taxation Office**  
**PO Box 277**  
**WTC VIC 8005**

## When we close a member's account

When a member's NESS account has a zero balance and there have been no transactions for 6 months, we will write to that member, inviting him or her to make contributions. If none are received, we will close that member's account.

This means that insurance cover will cease and, if that member wants to re-join NESS, a new member application is required. While all accounts under \$1,000 are protected, ie fees are limited to investment earnings, insurance premiums and taxes are still deducted.

## New Investment Options Soon to be Available to Members

NESS is in the process of introducing two new investment options to members. These two new options will be Australian Shares and International Shares. These options will be available along with the current options of High Growth, Property, Balanced, Stable and Cash. Further information will be provided to members when the options are released.