

Employer Newsletter



April 2007

FuturePlus Super



What the *Simplified Super* reforms mean for employers

The Simplified Super reforms, initially announced in last year's Federal Budget, passed through Parliament at the end of February. At the same time, the Government asked for public comment on the draft regulations needed to implement these reforms and amend the relevant legislation.

These changes have several important implications for employers and could require some preparation ahead of 1 July 2007, when many of them come into effect.

Tax File Numbers (TFNs)

If a member has not provided a TFN to the Fund, all deductible contributions* will be taxed at the top marginal tax rate, plus the Medicare levy, if the contributions exceed \$1,000. For accounts that begin after 1 July 2007, the \$1,000 threshold does not apply.

Currently and up to 30 June 2007, employees are able to provide their TFNs to the Fund indirectly through their employers. However, you as the employer must gain specific permission from the employee. This is currently obtained via a separate question on the TFN declaration form which an employee completes when starting employment.

The higher tax charged on accounts without a TFN will be required to be remitted by the Fund to the Australian Taxation Office (ATO) at the end of the income year. This will give most people until 30 June 2008 to give their TFN to the Fund, if they haven't already done so. The additional tax will be refunded where a valid TFN is provided to the Fund within a four year period.

*Please see next page.

Welcome

to the Employer Newsletter for April 2007. In this issue, we spotlight the financial planning services available to FuturePlus Super members and introduce you to Andrew Wells one of our senior financial planners.

We also profile QIC, one of the investment managers carefully selected to manage members' money and we outline what employers need to know about the Simplified Super reforms.

Remember that we can help you with superannuation, insurance, financial planning and home loans. If you need assistance with any of these services, please contact the Employer Helpline on **1800 636 441**.

If your employees have any enquiries, they can contact Member Services on **1800 067 059**.

Important change to Tax File Numbers (TFNs) From 1 July 2007

From 1 July 2007, where an employee quotes a TFN for employment purposes, it will automatically be taken to be quoted for superannuation purposes and the TFN is required to be passed onto the Fund. The TFN must be provided either at the end of the day the first contribution is made or within 14 days that the employee provided it to you.

Simplified Super

article is continued inside

Continued from cover story:

What the *Simplified* Super reforms mean for employers

Non-concessional (personal) contributions

From 1 July 2007 superannuation funds will only be able to accept non-concessional contributions for a member if the TFN has been quoted to the Fund. When a fund receives a non-concessional contribution on behalf of the member where the TFN has not been provided, the fund will have 30 days to return the contribution.

If your employee has provided you with authority to supply your TFN to FuturePlus Super, you can add this number to the contribution files when remitting your monthly contributions. Alternatively you can contact Member Services on **1800 067 059** to obtain a form, or visit our website at www.futureplussuper.com.au

**Don't miss out,
time is ticking**

Before 30 June 2007 you can make non-concessional contributions of up to \$1 million to super.

Changes in contribution rules

Age-based limits on deductible contributions have been abolished. Instead, a limit on deductible contributions* of \$50,000 per person per year will apply from 1 July 2007. Any contributions above this limit will be taxed at the top marginal tax rate plus the Medicare levy.

However, employees aged 50 or over may take advantage of transitional arrangements enabling them to make annual contributions of up to \$100,000 until 30 June 2012.

Further transitional measures exist for employees who want to make non-concessional (post-tax) contributions.

Any employees considering doing this can consult one of our financial planners at no additional cost to themselves.

Employers will be able to claim a full deduction for all contributions to superannuation on behalf of employees under the age of 75. The Superannuation Guarantee will continue to apply only until age 70.

Employment Termination Payments (ETPs)

The taxation of ETPs will be changed to reflect the removal of the Reasonable Benefits Limits (RBL) system and benefits tax. Because super benefits paid to those over age 60 will be tax free, ETPs will no longer be able to be contributed to super.

However, transitional arrangements exist for employees with ETPs specified in existing employment contracts as at 9 May 2006, provided payment is made prior to 1 July 2012.

As an employer, you might consider re-assessing whether large ETPs are still appropriate in light of the changes and whether alternative payment structures may be more effective.

Work tests

In order to make non-concessional (post-tax) contributions to superannuation, employees aged 65 to 74 must meet the work test in each year a contribution is made. This means that an individual must have worked at least 40 hours in a period of not more than 30 consecutive days in that financial year.

Employees under 65 are not subject to a work test. The current rules prohibiting contributions by employees aged 75 and over remain.

Financial advice

The Simplified Super reforms do have important implications for the retirement planning strategies of your employees, much of which has not been covered here. Those employees who would like to find out more about the changes are invited to attend one of our many seminars held at venues across NSW or to consult one of our financial planners at no additional direct cost to themselves. At your request, we would also be happy to do a presentation on the changes at your worksite.

More details on the superannuation reforms can be obtained by visiting www.simplersuper.treasury.gov.au

In addition, you can contact Member Services on **1800 067 059** for assistance.

* Deductible contributions or concessional contributions are superannuation contributions made from pre-tax income for which a tax deduction can be claimed. They include employer superannuation guarantee contributions, additional employer contributions, salary sacrifice contributions and contributions made by the self-employed for which they claim a tax deduction. These contributions are taxed at 15 per cent.

Record keeping



The transitional period for compliance with employee record keeping obligations under the workplace relations legislation expired on 26 March 2007 and the requirements became effective from 27 March 2007. There are statutory penalties on failures to comply with the requirements.

Employers are required to make and retain certain employee records and to issue employee pay slips.

Records must be legible, and in English, be readily available to be provided to a workplace inspector, and be kept for a continuous period of 7 years after each entry is made. The particular records are general employee information,

hours worked (including overtime and reasonable additional hours), pay, annual leave, personal leave, superannuation contributions, termination of employment and transmission of business issues.

Failure to comply may lead to monetary penalties up to \$5,500 per breach enforceable under court proceedings.

Employers should ensure they have procedures in place so they can comply with these new record keeping requirements from 27 March 2007.

Please note that we are not experts in this area so we encourage you to seek further advice from employment law experts if you require further information.

Contribution Return emails

All Contribution Return emails should be sent to the administrator of FuturePlus Super at the following email address:
employerservices@futureplussuper.com.au

Please use our standard Employer Contribution Return spreadsheet for contributions and new members, as this includes all the necessary details we require to process contributions correctly and efficiently. This spreadsheet can be found under the Employer section of the website at **www.futureplussuper.com.au** or by calling the Employer Helpline on **1800 636 441**.

To assist with correctly matching EFT payments with data files, please quote your Employer Reporting Centre Code or, where not known, the employer name (shortened if necessary) as a reference on EFT files.



In a recent edition, we mentioned that the packing of most of our seminar materials is now being done by the House With No Steps, one of Australia's leading providers of services to people with disabilities.

One of the people who work in that Packaging department is Madeleine, who has a range of physical disabilities and who joined the House 30 years ago.

When Madeleine was born, all seemed well. As an infant, her motor skills developed the same as others, she was able to put words together, was very active, climbing everywhere and so on. When she was five years old, and had just started school, she had a slight stroke which affected her motor skills. She couldn't "keep up" at her school, and transferred to one for children with disabilities, where she stayed until she was 18. During that time her condition deteriorated. Her tongue became "spastic" and she couldn't speak; her eyesight began to fade, and her motor skills worsened.

Madeleine came to the House With No Steps when she left school, and when there were limited opportunities available to her. Although she was not able to speak with others, she was delighted to be with young people and work alongside them in packaging. Because her motor skills continued to deteriorate, her parents felt they could not leave her on her own. At first her mother accompanied Madeleine to work, sitting with her on the packaging line to help her. She ended up doing this every day for 14 years. And when Madeleine's father Bill retired almost 20 years ago, he took over this role, and since then has been bringing Madeleine to work each day, sitting with her and helping her, taking her and feeding her at morning tea and lunchtime, and then taking her home at the end of the day.

Madeleine now needs 24/7 care, which her parents continue to provide themselves. Despite what others may think, Madeleine's parents feel "very lucky". "Madeleine is a joy to be around," says her mother, Maria. "She always has a smile on her face, never complains or misbehaves, is so easy to get along with, and enjoys everything so much."

Madeleine's parents feel her packaging job at the House is tremendously important to her, and provides socialisation and stimulation. It's also been an enormous help to her parents. "The House has been a godsend. I just don't know what we would have done or how we would have managed without them," says Bill.

Chifley, the Trustee of FuturePlus Super, is proud to be able to support the House With No Steps.

Quarterly Superannuation Guarantee contributions

All employers under the Superannuation Guarantee (SG) scheme must contribute the minimum level of 9% of ordinary time earnings in superannuation support for each financial year for their employees.

The Australian Taxation Office (ATO) imposes penalties if SG contributions are not made by the quarterly cut off date.

If you fail to make the cut off date you may need to lodge a SG statement and pay the SG charge which is not tax deductible. However, since 1 January 2006, contributions made for an employee within 30 days of the SG due date can be used to offset any penalty the employer may incur. Employees will still receive their full superannuation shortfall plus interest. Previously, employers who made late contributions could not use these to offset the liability with the ATO.

The following table obtained from the ATO lists the cut off and lodgement dates.

Superannuation Guarantee quarter ended	Cut off date for Superannuation Guarantee contributions	Due date for lodgement of a SG statement and payment of the SG charge if contributions are not made on time
1 July - 30 Sept	28 October	28 November
1 Oct - 31 Dec	28 January	28 February
1 Jan - 31 March	28 April	28 May
1 April - 30 June	28 July	28 August

Making timely SG payments each quarter will allow you to maximise the tax deduction available for superannuation payments.

FREE seminars

We regularly hold free seminars for members. Members can reserve a seat at an upcoming Wealth Creation or Retirement Planning seminar by calling **1800 067 059**. Alternatively, bookings can be made via email: info@futureplussuper.com.au

We can also run seminars on your site, or close by, if there's enough interest. If you'd like to organise a seminar, please contact the Employer Helpline on **1800 636 441**.

Pre-Retirement Planning Seminars:	
Dates	Location
26 April	Port Macquarie
27 April	Coffs Harbour
28 April	Tweed Heads
05 May	Wollongong
10 May	Coonabarabran
15 May	Muswellbrook
23 May	Hornsby
05 June	Wyong
21 June	Cronulla
03 July	Orange

Wealth Creation Seminars:	
Dates	Location
30 April	Chatswood
01 May	Parramatta
02 May	Sydney
07 May	Sutherland
14 May	Wollongong
22 May	Penrith
28 May	Gunnedah
29 May	Tamworth
30 May	Armidale
19 June	Newcastle

Meet your fund managers

Cash may not sound like an asset that requires much hard work or effort to manage. It's been left under the mattress on occasion and is most often stuck away in a term deposit at the bank. But it is possible to squeeze out extra returns from cash and over time, these extra returns add up.

That's why FuturePlus Super has put much effort and research in choosing a manager to look after their cash and finally selected QIC, Australia's fourth largest institutional fund manager which manages over \$50 billion in assets.

QIC is a Queensland government-owned corporation which operates as a fully commercial organisation and which has

consistently produced above-average returns for its clients. It employs around 400 highly skilled and experienced staff and has extensive research capabilities. And, because of its huge scale, it is able to deliver returns at highly competitive costs to the Fund.

QIC's aim is to get higher returns for cash holdings than traditional cash deposit funds provide. Thus it invests in securities like floating rate notes, bank bills, negotiable certificates of deposit, fixed rate bonds, promissory notes and deposits.

QIC makes these investments by carefully monitoring interest rate and credit spreads for opportunities which it can capitalise on.

Meet one of your planners: **Andrew Wells**

"There's so much more people can get out of a financial plan with us other than just super."



"Financial planning is not about transactions. It's about getting to know people," notes Andrew Wells, a Certified Financial Planner with Chifley Financial Services.

Andrew started out studying to be a vet, but moved into the financial services sector 16 years ago. "I quickly realised I preferred working with people to wearing a white lab coat and tending to cats and dogs," he says of the move.

"Financial planning is not about transactions. It's about getting to know people."

It was during his first two finance jobs that Andrew encountered the emerging world of financial planning. The first job involved marketing group life insurance benefits to planners and the second involved providing superannuation strategies to planners and accountants. However, instead of selling his products to planners, the financial planning world sold itself to Andrew.

"We don't charge commissions, there is no plan writing fee for members and our costs are lower because we benefit from the scale of being part of a \$12 billion superannuation grouping."

"With my foundation of technical skills and a preference for one-on-one interaction with clients, I took the leap into financial planning in 1997 and started providing direct advice to clients," he says. And, he hasn't looked back since!

Of his move to Chifley Financial Services in 2004, Andrew says: "Importantly, this organisation is client focused and has a more ethical focus on meeting the full financial service needs of individuals. We don't charge commissions, there is no plan writing fee for members and our costs are lower because we benefit from the scale of being part of a \$12 billion superannuation grouping."

"My clients share their lives and emotions with me. Giving sound advice means I need to be able to go home and sleep well at night, and then come back the next day knowing that I am going to be doing the best for my clients' wealth, rather than maximising profit for a shareholder."

"Importantly, this organisation is client focused and has a more ethical focus on meeting the full financial service needs of individuals."

So what gives Andrew the most satisfaction in his job? "Reviewing clients' portfolios to see how they have progressed since the last review. There's so much more people can get out of a financial plan with us other than just super. I like working through different real life scenarios with clients - for example, should they renovate a home or relocate and helping them with peace of mind and to enhance their careers and lifestyles."

Service Spotlight: Financial Planning



No employer likes having staff coming to work with worries on their mind, taking their focus off their work. Personal stresses aside, it's often money matters that are on your staff's minds.

In order to offer a more meaningful service to our clients, we've been increasingly building up our financial planning team across NSW so that we can assist staff and management in getting the most out of their money.

Our team are able to help members with both their day-to-day financial concerns and in building up a nest egg for their future.

Even though the Government recently passed its Simplified Super reforms through Parliament, superannuation and wealth creation remains anything but simple. The main reason for this is that everyone has their own particular needs and circumstances and a financial plan needs to take these into account if they are to be effective.

In addition, many people have special financial needs – for example, they may be in line for a large inheritance, facing redundancy, looking at estate planning, considering negative gearing or waiting to know how to benefit from the latest superannuation reforms.

The good news is that the advice available from the fund is provided at no additional direct cost to members and is without obligation. All our financial planners are salaried and earn no commissions.

So, if you or one of your employees are in need of some specialist financial advice, please call **1800 800 002** to make an appointment or email us at **enquiries@chifley.com** with their details.



Contact for employers:

- **Employer Helpline**
1800 636 441
- **Employer Fax**
02 9299 9321
- **Web address**
www.futureplussuper.com.au
- **In writing**
FuturePlus Super
GPO Box 2617
SYDNEY NSW 2001
- **Email (general employer queries)**
employerservices@futureplussuper.com.au
- **Email (contribution files and changes)**
employeronline@futureplussuper.com.au



We have branches at:

Sydney:	28 Margaret Street
Lismore:	81-83 Molesworth Street
Orange:	187 Summer Street
Newcastle:	161 King Street
Parramatta:	10-14 Smith Street
Wollongong:	Shop 2 & 3 60 Burelli Street
Wagga Wagga:	2/209 Baylis Street
Albury*:	621 Dean Street
Goulburn*:	148 Auburn Street

*These offices are staffed at least one business day per month. Bookings are essential.

Call Member Services on 1800 067 059 to make an appointment.

Employer Helpline: 1800 636 441
 Member Helpline: 1800 067 059
 Employer Fax: (02) 9299 9321
 Member Fax: (02) 9279 4131
 Website: www.futureplussuper.com.au

Address: Ground Floor
 28 Margaret Street
 Sydney, NSW
 Write: GPO Box 2617
 Sydney NSW 2001



This document was prepared for the exclusive use of sponsoring employers of FuturePlus Super and for selected employer clients (current and prospective) of Chifley Financial Services. Any advice in this document is provided by Chifley Financial Services Limited (ABN 75 053 704 706) as an Australian Financial Services Licensee (AFSL 231148). Chifley Financial Services is also an RSE licensed Trustee (RSE: L0001120). FuturePlus Super (ABN 76 829 356 693) is a Registered Superannuation Entity (RSE: R1004366). Please note that the information contained herein is of a general nature only. It has not been prepared taking into account your particular investment objectives, financial situation and particular needs. You should assess whether the advice is appropriate for your individual investment objectives, financial situation and particular needs. Before making any investment decision, you should seek the assistance of a professional adviser and obtain the Product Disclosure Statement and consider it before making any decision about whether to acquire the product.