

Your Guide to the ALL INDUSTRY SUPER FUND

Product Disclosure Statement
Issued 1 January 2004



What this guide is about

Product Disclosure Statement for All Industry Super

This Guide was prepared and issued on 1 January 2004 as the Product Disclosure Statement for the All Industry Superannuation (AIS) Fund by the Trustee of the Fund, All Industry Super Ltd., ABN 76543210. It sets out the main features of the AIS fund. AIS is a public offer industry superannuation fund that is open to employees of participating employers in any industry as well as any other persons eligible to contribute to the a superannuation fund. Many of the terms used in this document are explained on page 13. Some general information about superannuation is included on pages 11 and 12.

Choosing a super fund

This Guide provides important information about the features, costs, benefits and risks of investing your super in AIS. If you have a choice about whether to join this fund or another fund, this Guide will help you compare the features of this fund with those of other superannuation funds.

You should read this document before you make a decision to use AIS as your superannuation fund. Note that a 14-day cooling-off period is available if you decide to contribute to this fund (see page 11).

The benefits and risks of investing your super in AIS

AIS allows you to save for your retirement in a low-cost, tax effective environment in a way that suits you personally. It lets you choose the investment strategies that best suit your needs and attitude to risk, as well as offering you low cost insurance cover for death or permanent disability as part of your superannuation fund.

You need to be aware, however, that the value of your investment in AIS may rise or fall. If you leave the fund within a few years of joining, you may get back less than the amount of contributions paid because of the level of investment returns earned by the fund, the fund's charges and the impact of tax.

How to get more information

If you want more information about AIS, please contact AIS Customer Service at the address below. If you need more information about the Trustee of the Fund, All Industry Super Ltd, please contact the Trustee Office at the address below. The provision of some information may be subject to a charge.

Getting Advice

All Industry Super Limited, the Trustee of AIS, is licensed to provide general advice about this fund and its features. However, if you want advice that takes into account your specific financial needs and objectives you will need to contact a person or organisation licensed to provide personal advice as a financial services licensee or representative. Your employer must not give advice about this fund or recommend any other financial product unless licensed to do so.

If you have questions or complaints

AIS Customer Service staff will be happy to assist you with any questions you may have about AIS, or your AIS account once you become a member. If you have a problem or complaint which our Customer Service staff cannot resolve, please contact the AIS Complaints Officer at the Trustee Office, or email us at complaints@ais.com.au. We have internal complaint resolution procedures that will attempt to deal with your complaint quickly and efficiently.

If we cannot provide an adequate solution, you may be able to take your complaint or dispute to the Superannuation Complaints Tribunal (SCT). The SCT can only deal with your complaint or dispute once you have exhausted our internal complaints resolutions procedures. See *General Super Facts* Page 11 for further information and contact details.

How to contact us

AIS Customer Service

Locked Bag 5555,
Melbourne VIC 3333
Ph: 13 55 33 (local call cost except mobiles)
Fax: 03 9999 5544
Email: members@aisuper.com.au

AIS Trustee Office

GPO Box 5522
Melbourne VIC 3333
Ph 1300 333 555 (local call cost except mobiles)
Fax 03 9999 4455
Email: complaints@ais.com.au

Website: www.aisuper.com.au

Table of Contents

What this guide is about.....	2
What is the All Industry Super Fund?	3
Who can pay into AIS and how	4
How AIS works	4
Choosing the right insurance cover	5
Selecting your investment option	6
Fees and charges	8
Keeping up to date and keeping in touch.....	10
General Super Facts	11
Tax and Super	12
Explanation of words used in this Guide.....	13

What is the All Industry Super Fund?

The All Industry Superannuation Fund (AIS) is a retirement savings fund that operates for the benefit of its members and their dependants only. It was set up to help members to save for retirement in a low cost, tax effective way.

AIS has to comply with government regulations in the way it operates. As a member of a regulated superannuation fund, you receive the benefits of the special tax treatment available for retirement savings.

AIS covers workers in any industry. Anyone who is eligible to contribute to superannuation can become a member. You can continue to use AIS as your super fund even if you change employment, or if you are self-employed.

Who looks after AIS?

All Industry Super Ltd is the Trustee company that is responsible for the management and investment decisions of the fund. It has equal numbers of employer and member representative directors, who are appointed on the nomination of the Fund's sponsors (the All Union Congress and United Business Council Ltd).

All Industry Super Ltd uses a range of specialists to look after the fund and its investments. Information on the administrator, current investment managers

and others associated with the management of the fund is provided in our half-yearly members' newsletter.

All Industry Super Ltd holds an Australian Financial Services Licence (AFSL 345 987 567) that allows it to provide superannuation products, as well as general advice about its products to members and prospective members of the fund.

Your Privacy

AIS protects the privacy of its members. We only collect the information about you that we need to administer your superannuation account and to make sure you receive the benefits to which you are entitled as a member of AIS. We will not use information about you for any other purposes or pass it on to other organisations without your permission. For more information read the AIS *Your Privacy* leaflet. If you have not received a copy, contact AIS on 13 55 33 or look for it on our website www.aisuper.com.au.

Who can pay into AIS and how

Who can pay into AIS

- **Your employer(s) can make compulsory contributions** (generally to age 70).
- **Your employer(s) can also make additional voluntary contributions** on your behalf to age 65 (or age 70 if you are working at least 10 hours per week).
- **You can make personal contributions** as an employee or self-employed person. You must be currently employed, or have been employed for at least 10 hours per week at any time in the last two years to do so. You can also contribute if you are on long-term childcare leave.
- **Special employment requirements** apply after age 65 (see *General Super Facts* on page 10).
- **You can transfer (or 'rollover') money** from other superannuation funds or retirement savings accounts you may have.
- **You can make contributions into an account on behalf of your spouse** while he or she is under 65, or to age 70 if the spouse is working at least 10 hours per week when the contribution is made.

How to pay into AIS

- Contributions can be made at any time.
- There is no maximum or minimum limit unless your employer does not pay into this fund on your behalf. In that case you must make a minimum initial contribution of \$1000 to open an account.
- If you would like your employer to use AIS for your compulsory super, advise your employer that AIS is your choice of fund. You will also need to complete a membership application form and give it to your employer. Contact AIS Customer Service on 13 55 33 if you need a copy of the form or print it from the AIS website www.aisuper.com.au.
- You can make personal contributions by direct debit, cheque or through your employer if your employer also pays into the fund for you. You will need to complete the member contribution section on the application form.
- You can also transfer any other super accounts you have into AIS by using the same form.

How AIS works

Your own super account

All the contributions paid into the fund by you or your employer, as well as any superannuation money you transfer into AIS, are placed into your personal account, after deduction of any taxes required by the government (see *Tax and Super* page 11).

The money in your account is then invested in line with the investment option you select (see *Your Investment Options* page 6). Interest based on the net earnings of the investment is paid into your account each quarter.

While your money is in the fund, we deduct member fees from your account, as well as insurance premiums if you have insurance cover (see *Fees and charges* page 8 and *Insurance* page 5).

When your super can be paid

Superannuation savings are intended for retirement and normally cannot be paid out in cash until you retire after age 55 or later, you become permanently and totally unable to work, or you die.

There are limited special circumstances under which you may be able to access some of your super account. These circumstances are explained in *General Super Facts* page 11.

If you change employers, you can choose whether to leave your super account in the AIS fund, or transfer it to another fund.

When you retire, you can withdraw it in cash, or use it to provide yourself with a regular income during retirement. Call 13 55 33 for a benefit payment or transfer form.

What you will receive from AIS

When you withdraw or transfer your money from the fund, you will receive the full amount in your account, less a benefit payment fee of \$20. This is referred to as your lump sum benefit. If you die, or become totally and permanently incapacitated for work, the payment from the fund may include an extra amount if you have insurance cover.

You can nominate to whom you would like any death benefit to be paid on the application form attached to this Guide, or by contacting AIS. However, the Trustee is ultimately responsible for determining to whom such a benefit should be paid.

Where your money is invested

AIS combines the money in your account with that of other AIS members and invests the money in the investment funds of a number of carefully selected specialist fund managers.

We regularly review the performance of our fund managers, with the assistance of our investment adviser. The Fund's half-yearly newsletter to members provides details of current investment managers. Call AIS Customer Service on 13 55 33 for a copy, or we will send a copy when you join the fund.

Choosing the right insurance cover

What insurance cover means

AIS insurance cover helps you provide for yourself and your dependents when you are no longer able to do so. If you have insurance cover with AIS, the amount for which you are insured would be paid **in addition to** the balance in your super account:

- in the event of your death; or
- if the trustee and insurer agree that you are totally and permanently disabled for work, **in accordance with the rules of the fund**, provided you have disability cover.

The cost of insurance is deducted from your account every week. **Insurance Cover is not available once you reach age 65.**

Automatic standard cover

If you work at least 20 hours a week with an employer who contributes to AIS for you, you are automatically insured for death or total and permanent disablement.

The standard minimum level of insurance provides a one-off lump sum benefit that varies with your age when you claim. If you are 41 or less, the lump sum benefit would be \$42,000. If you are 42, the lump sum benefit is \$38,500; the benefit reduces gradually until it reaches \$2,240 at age 64 (see Table 1 below).

This standard minimum cover costs \$1 per week. If you prefer, you can have *death-only* basic cover of up to \$70,000, at the same cost.

If you work less than 20 hours per week, you are automatically covered for *death benefits only*. This cover costs 50 cents per week, with cover at half the full time amount ranging from \$35,000 (up to age 41) down to \$1,850 (at age 64).

If your hours of work change from more to less than 20 hours, or the other way around, you will need to advise AIS as your cover may change.

Changing your insurance cover

You are able to select a higher level of insurance cover either when you join AIS, or at a later stage.

You can double your cover when you first join AIS without having to complete a health statement.

If you decide to insure later, or want a higher level of cover (up to 6 times the minimum standard cover) you will need to satisfy the insurer's health standards. This may mean completing a statement about your health or having a health check.

Each additional unit of cover will also costs \$1 per week, or 50 cents if you are working less than 20 hours per week.

If you do not want insurance at all, you will need to indicate this on your member application form, or advise the fund if you wish to stop your insurance at a later stage.

When you are covered

Your insurance cover begins when you join AIS *and* your employer has started making payments into the AIS fund for you.

Your insurance cover ends when you tell us that you no longer need insurance cover, or you do not have enough in your account to pay for it, you turn 65 or you have made a successful claim.

If your employer advises us that you are no longer in their employ, your insurance cover and charges will still continue until **you** notify us that you no longer wish to be insured, or until you can no longer pay the insurance charges from your account.

When you leave AIS, you will continue to be covered for *death only* for a further 60 days, provided you had insurance when you left and you are under 65. During this period you can arrange to take out a personal insurance policy with the insurer used by AIS, without a further health check. You would need to contact the insurer about this, and would be charged the normal commercial premium for the insurance.

We will automatically send you more details about insurance when you join AIS or call 13 55 33 if you would like more details now.

Table 1: Insurance Cover per \$ of weekly premium

Age	Death and TPD	Death only	Age	Death and TPD	Death only	Age	Death and TPD	Death only
To 41	\$42,000	\$70,000	49	\$19,040	\$31,700	57	\$10,800	\$16,800
42	\$38,500	\$64,200	50	\$17,920	\$29,800	58	\$ 8,960	\$14,900
43	\$35,000	\$58,300	51	\$16,800	\$28,000	59	\$ 7,840	\$13,000
44	\$31,500	\$52,500	52	\$15,680	\$26,100	60	\$ 6,720	\$11,200
45	\$28,000	\$46,670	53	\$14,560	\$24,300	61	\$ 5,600	\$ 9,300
46	\$24,500	\$40,800	54	\$13,440	\$22,400	62	\$ 4,480	\$ 7,500
47	\$22,000	\$36,700	55	\$12,320	\$20,500	63	\$ 3,360	\$ 5,600
48	\$20,200	\$33,700	56	\$11,200	\$18,700	64	\$ 2,240	\$ 3,700

Selecting your investment option

What choice of investments means

You can choose the way your money is invested in AIS, or you can leave it to the fund to decide.

Each investment option presents a different degree of investment **risk**, together with a different expected level of earnings (**return**) on your investment. This is because each option is made up of different proportions of *growth* assets and *defensive* assets.

Historically, *growth assets* such as Australian and overseas shares, and property, carry a higher level of investment risk over shorter periods, with the possibility of higher returns over the longer term. Returns may be negative in some years.

Defensive assets such as bonds, cash and deposits have a lower investment risk, but usually offer lower returns in the longer run.

When choosing your investment option, you should consider:

- the amount of time your money will be invested before you use it in retirement;
- the level of investment earnings (return) which you are hoping for; and
- the level of risk with which you are comfortable for your retirement savings.

Remember that your superannuation is for your retirement, and will be invested at least until your preservation age (see *General Super Facts* page 11).

Your investment options

AIS members are able to choose **one** of the three investment options set out in Table 2 below. This table is a guide to the relative risk and level of return of each of those investment options, as well as an indication of a suitable time period for investing in any of these options.

You should be aware that the benefits of these investment options are not guaranteed and that the value of the investments may rise or fall.

You are able to change your investment option at the end of each quarter, but a switching fee will apply if you change it more than once a year. (see *Fees and charges* page 8). Your choice will apply to both your account balance as well as any future contributions.

AIS investment options do not specifically take into account labour standards or environmental, social and ethical considerations in the selection of fund managers. Our fund managers may take these matters into account in selecting, retaining or realising investment for AIS, but only to the extent that they may affect the profitability of those investments.

If you do not select an investment option yourself, your money will be invested according to your age, as set out below:

- If you are under 45 – Option A Active
- If you are aged 45 to 55 – Option B Balanced
- If you are over 55 – Option C Conservative

Table 2: AIS Investment Options

Investment Options	Investment Objective	Mix of assets *	Investment Risk	Expected Returns	Length of Investment
Option A Active	Returns 4% above inflation over rolling 4 year periods	75% growth 25% defensive	Medium to High	Medium to High	8 years or more
Option B Balanced	Returns 3% above inflation over rolling 4 year periods	60% growth 40% defensive	Medium	Medium	5 years or more
Option C Conservative	Returns 2% above inflation over rolling 3 year periods	30% growth 70% defensive	Low to Medium	Low to Medium	more than 2 years

**The combinations of growth and/or defensive assets in this column are the typical combinations for each option. However, the actual combinations may vary by a small amount from time to time, to maximise investment returns*

How AIS investments have performed

Table 3 below sets out the net investment returns earned by each of the investment options in recent years. All AIS investment options have met or exceeded their investment objectives over the 5-year reporting period.

The returns are net of all investment related costs such as the fees charged by the investment managers appointed by AIS, the investment expenses incurred by the fund itself, and any tax payable by the fund. (see *Fees and charges* below for details).

Table 3: Past performance of AIS Investment Options						
Investment Options	Net rates of return					
	2002/ 2003	2001/ 2002	2000/ 2001	1999/ 2000	1998/ 1999	5 year compound average annual
Option A Active	8.4%	-1.2%	5.6 %	10.2%	12.5%	8.2%
Option B Balanced	7.4%	1.2%	6.2%	8.6%	9.1%	6.5%
Option C Conservative	4.5%	3.6%	4.2%	4.8%	5.5%	4.5%

You need to be aware that past investment performance is not an indicator of future performance.

How interest is paid to your account

At the end of each quarter, the net investment earnings of each investment option are distributed to the accounts of members invested in that option. This distribution is based on the daily balance of each member's account.

If you leave the fund during a quarter, you will receive an interim interest rate for the quarter in which you leave. This is determined by the trustee of the fund, on the basis of actual and anticipated returns for the quarter, adjusted for investment expenses and tax.

Fees and charges

Significant fees

Table 4 below shows significant fees that you may be charged from this fund. These fees may be deducted from your account balance or from the returns on your investment or from the fund as a whole. The cost of insurance premiums is on page 5, and Taxes on page 11.

Fees for particular investment options are given in this section. You should read all of the information about fees and charges, as it is important to understand their impact on your investment in this fund.

TABLE 4 Significant Fees		
Type of fee	Amount	How & when paid
<i>Establishment fee:</i> This is the fee to set up your account in the fund.	Nil	
<i>Contribution fee:</i> This is the fee for the initial and every subsequent investment you make to the fund (or that may be made on your behalf, eg by an employer).	Nil	
<i>Withdrawal fee:</i> This is the fee charged for each withdrawal you make from the fund (including any instalment payments and your final payment).	\$20 per withdrawal	This fee is deducted from your account before you withdraw some or all of your account balance.
<i>Termination fee:</i> This is the fee when you close your account with the fund.	Nil	
<i>Ongoing fees:</i> This is the total of all ongoing administration, investment management, expense recovery and other fees charged by the fund. A breakdown of these fees is shown Table 5 Breakdown of ongoing fees on page 9.	Range from 1.24% pa to \$1.61% plus up to \$49.40 per year	See Table 5 on page 9
<i>Switching fee:</i> This is the fee charged when you switch between investment options offered by the fund.	\$20 per switch	One switch per year is free. This fee is deducted from your account each time you switch money between two investment options after the first free switch.
<i>Adviser service fee:</i> This is the fee charged by your adviser for advice about your investment(s) in the fund. (An adviser may also receive other amounts as commission: See Note in on "Important additional disclosure items" on page 9.)	Nil	<i>See note in 'Important additional information about AIS fees' page 9.</i>

Breakdown of ongoing fees from table 4

Table 5 contains a breakdown of the *ongoing fees* shown that were in the table 4. These fees are *not* additional.

Table 5 Breakdown of ongoing Fees		
Type of ongoing fee	Amount	How and when paid
<i>Administration fee:</i> This is the fee to cover the general administration of the fund.	Nil	
<i>Investment management fee:</i> This is the fee for managing the fund's investments. (The fee depends on the investment options you choose).	Option A-Active: 1.36% pa (\$13.60 per \$1000) of assets Option B Balanced: 1.15% pa (\$11.50 per \$1000) of assets Option C Conservative: 0.99% pa (\$99 per \$1000) of assets.	Paid to the investment managers from the assets of each investment option, <i>before</i> investment returns are calculated and credited to your account.
<i>Issuer fee:</i> This is the fee for the product issuer's services in overseeing the fund's operations and/or for providing access to the fund's investment options.	Nil	
<i>Expense recoveries:</i> This is an estimate of the out-of-pocket expenses the trustee is entitled to recover from the fund.	0.25% pa (\$25.00 per \$1000 of assets)	This is an estimate of investment expenses, such as the cost of asset consultants, paid by the trustee from the assets of the fund, <i>before</i> investment returns are calculated and credited to your account.
<i>Member fee:</i> This is a member account-keeping fee charged by the fund.	95 cents per week (\$49.40 per year) for active members 85 cents per week (\$44.20 per year) for inactive members <i>See note in 'Important additional information about AIS fees'.</i>	These fees are deducted from your account balance at the end of each month.

Important additional information about AIS fees

Member Fees

The Member fee you pay in AIS depends on whether you are

- an active member –ie contributions are being made by or for you and/or you have insurance cover, or
- an inactive member, ie *you have told* AIS that no further contributions will be made *and* you do not want any more insurance cover.

Fee changes

AIS will not increase the fees in tables 4 & 5 that are *deducted from your account* by AIS without telling you at least 3 months beforehand.

However, the fees and expenses relating to investment reflect actual costs paid by the fund to external providers and may change from time to time. If this happens, we will tell you in the annual fund report to members.

Fee protection for small accounts

If your account balance at any time is less than \$1000, and it includes compulsory employer contributions, Government regulations limit the fees that can be *deducted from your account* in any year to the amount of interest credited to it. *This protection does not apply fees or expenses deducted from fund assets, nor to tax or insurance premiums.*

Adviser Fee and/or Commission

AIS does not pay any commissions to financial advisers for recommending AIS for your super investment. If you consult an adviser, they may charge you a fee for the advisory service they provide to you. This should be set out in the Financial Services Guide from your adviser.

Insurance premiums are not included in Tables 4 & 5, but are set out on page 5.

Information about Tax and Super is on page 12.

Keeping up to date and keeping in touch

AIS Customer Service

The AIS customer service call centre on 13 55 33 (local call anywhere in Australia except from mobiles) operates from 8 am to 8 pm (Eastern Time), Monday to Friday (excluding New Year's Day, Good Friday, Easter Monday, Anzac Day and Christmas Day). We also have a TTY facility on 1300 5353.

Through our call centre you can find out more about the fund, your account and the AIS options available to you.

Tracking your super

Register on-line or through our call centre to receive your own PIN. You can use your PIN to keep track of all transactions on your AIS account via our website or by phone through the AIS Customer Service Centre. You can also use it to change personal details such as your address.

Information we will send you

When you become a member of AIS, we will send you:

- A copy of *More about AIS*. It provides more detailed information about the fund and its investment and insurance options.
- A copy of the leaflet *AIS-Your Privacy*.
- **Half yearly statements about your own AIS account.** This will give you details of all contributions paid to your account by you or your employer, as well as any money transferred into the account and any tax, fees or charges deducted.
- The half-yearly *Your Super newsletter* for AIS members. This has regular updates about the Fund's performance, the services available to members and general information about superannuation and retirement.

Additional information you can request

You can also request copies of the fund's full privacy policy, trust deed or annual fund accounts. A charge to cover the cost of photocopying and postage will apply if you request a copy of these documents more than once a year. They can be also found on the AIS website or inspected in our offices free of charge.

AIS Website

The AIS website www.aisuper.com.au contains general fund information, copies of all our publications and an on-line calculator. Once you have a PIN you can also use the website to access information about your own AIS account or change your personal details.

Keeping in touch

It is very important that you always let us know when you change your address details. We can only send you information about AIS and your account if we have your current address. A change of address details slip is provided with every half yearly statement, or you can change it through the AIS website or by phone if you have a PIN.

Once we have lost contact with you for two years, or if your account has not received any contributions for two years, we may transfer your account to the Supersafe Eligible Rollover Fund.

If your money is transferred to the Supersafe Eligible Rollover Fund it will be protected against the effect of fees and charges, but may earn only a low rate of interest. You can contact that fund by calling 13 99 88, or writing to GPO Box 4000, Sydney, NSW, 2001.

AIS CUSTOMER SERVICE CENTRE
Locked Bag 5555
Melbourne VIC 3333
Phone 13 55 33 (local call except mobiles)
Fax 03 9999 5544
Email: aisuper@aisuper.com.au

AIS INDUSTRY SUPER LTD
GPO Box 5522
Melbourne VIC 3333
Phone 1300 333 555 (local call except mobiles)
Fax 03 9999 4455
Website www.aisuper.com.au

General Super Facts

The information on this page reflects government rules about superannuation savings generally.

Cooling-Off Period

When you select a *public offer superannuation fund* or *retirement savings account (RSA)* for yourself, you have 14 days from the date your application is accepted to decide if this is the right choice for you.

During this time, known as the 'cooling-off period', you can still cancel your membership by contacting the Trustee of the Fund or the Provider of the RSA you have chosen.

Who can contribute to superannuation

• Before age 65

Contributions may generally be made for, or by, any person who is currently employed, or has been employed at any time in the last two years for at least 10 hours per week. Special provisions relate to people on long term leave (up to 7 years) for the purpose of raising children, provided they have the right to return to their job.

• From age 65

- **Compulsory employer** contributions may be made to any age (although Super Guarantee contributions cease at 70);
- **Voluntary employer** contributions can be made to age 70 provided the member is working at least 10 hours per week when the contribution is made;
- **Member** (after tax) contributions can be made to age 75 provided the member is working at least 10 hours per week when the contribution is made;

- **Member contributions on behalf of a spouse** can be made until that spouse is 65, or to age 70 if the spouse is working at least 10 hours per week when the contribution is made. (Not all funds will accept spouse contributions.)

When you can draw on your super savings

Superannuation is a long-term investment for your retirement. The Commonwealth Government has placed restrictions on when you can get access to most of your superannuation savings.

These restricted superannuation savings are called *preserved superannuation*, and the age at which you can gain access to them is called *the preservation age*. At present, your preserved superannuation savings can only be paid out in the following circumstances:

- when you reach age 65;
- when you cease employment on or after age 60;

- If you retire on or after your preservation age, as set out in the following table:

Preservation age for persons:	
Born before 1/7/1960	55
Born from 1/7/60 to 30/6/1961	56
Born from 1/7/61 to 30/6/1962	57
Born from 1/7/62 to 30/6/1963	58
Born from 1/7/63 to 30/6/1964	59
Born after 1/7/64	60

- if you become permanently unable to work;
- if you die, your super may be paid to your dependants or estate, depending on the rules of the fund;
- if you suffer severe financial hardship or are eligible on *compassionate grounds* determined by government rules. In such cases only some of your super savings may be withdrawn, and only if the fund rules allow it;
- ♦ if you change jobs and your account balance is \$200 or less (but only if the fund allows it); or
- ♦ if you are a foreign national who has permanently left Australia. In this situation higher tax rates than those outlined on page 11 may apply.

You may be able to cash out some of your superannuation savings earlier. For example, when you change jobs you can take out your own after-tax contributions and some types of employer contributions, provided they were paid in before 1 July 1999.

Where to go if you have a complaint

The Superannuation Complaints Tribunal (SCT) was established by the Federal Government to provide a simple and inexpensive review mechanism for complaints about the decisions of superannuation fund trustees affecting individual members.

Before you can lodge a complaint with the SCT, you must *first* take it to the fund concerned. If the fund cannot resolve your complaint within 90 days, the SCT may be able to assist through conciliation, or by determining the complaint itself.

You can contact the SCT by

- phoning 1300 884 114 (for the cost of a local phone call, excluding mobiles);
- writing to Locked Bag 3060, GPO, Melbourne, Victoria 3001, or
- visiting Level 8, 60 Collins Street, Melbourne, Victoria.

Tax and Super

Tax File Numbers (TFN)

It is in your interest to give your super fund your tax file number (TFN) when you join. You do not have to do so, but if you do not provide your TFN you may pay tax at a higher rate than necessary.

If you do not have a tax file number, contact the Australian Taxation Office on 13 1020.

Tax on contributions to a Super Fund

No tax is paid by the Fund on the contributions you make into the fund from income on which you have already paid tax (after-tax income).

A tax of 15% is paid by the Fund on:

- the contributions your employer makes for you;
- any contributions paid from income on which tax has not been paid (eg through salary sacrifice arranged with your employer); and
- any contributions you yourself paid for which you received a tax deduction (these are called *deductible* contributions).

An additional superannuation tax surcharge of up to 15% applies to those employer and personal deductible contributions where your taxable income plus your employer and other deductible contributions and reportable fringe benefits is more than \$90,527.

Tax on money transferred into, or out of a fund

There is no tax if you transfer money from one superannuation fund to another, unless the amount transferred contains an untaxed component (this is a termination payment direct from an employer, or a payment from certain superannuation funds for government employees).

An untaxed component attracts the 15 % tax on contributions and may also be subject to the superannuation tax surcharge.

Tax on investment earnings of the fund

Investment earnings by the Fund are taxed at a maximum rate of 15%, with capital gains taxed at a discounted rate of 10%.

Tax on payments from a superannuation fund

You may have to pay tax when you draw money from the Fund. The amount paid will depend on your own circumstances, including your age, how long you have been in a superannuation fund, and how your super benefit is paid.

- **You pay no tax** on the part of your super benefit that consists of the contributions you made from your after-tax income after 30 June 1983.
- **You pay no tax** on the first \$112,405 (2002/3 figure) of all other benefits that relate to employment or fund membership after 30 June 1983, *if you withdraw them from super after you reach age 55*. (You pay 20% plus Medicare levy before age 55).
- **You pay 15% tax plus Medicare levy** on the remainder of your post June 1983 benefits up to your Reasonable Benefit Limit (RBL). (You pay 30% plus Medicare levy before age 55).
- **If some of your super benefit relates to employment before July 1983**, you pay tax on only 5% of that part of your superannuation benefit.
- **If you use your super benefit to receive a regular income** from a super fund, special tax concessions apply.
- **If your benefit is paid out to you as a foreign national** who is leaving Australia permanently, higher tax rates may apply to your benefit. Contact the Australian Taxation Office for details.

Tax benefits available for super contributions

If you earn less than \$31,000 a year, you may be entitled to a tax-offset of up to \$100 on contributions you yourself pay from your after-tax income. Tax offsets reduce the amount of income tax you pay.

A tax-offset of up to \$540 is available if you make contributions on behalf of your spouse and your spouse earns less than \$13,800 a year.

If you are self-employed, you can claim a tax deduction for some of your contributions. Tax deductions reduce the income on which your tax is calculated.

For further details about tax and super, ring the Australian Taxation Office Super Helpline on 13 10 20

Explanation of words used in this Guide

Withdrawal fee is a fee charged by the fund whenever money is paid from your account, whether it is paid in cash or transferred to another fund.

Conciliation is the process of bringing two disputing parties together to seek an agreed outcome, with the assistance of a neutral third party.

Contributions are regular or one-off payments to a superannuation fund. They can be *compulsory* contributions made by employers (as required under the law or an industrial award) or *voluntary* contributions made in addition to these either by employers, or by members for themselves or their spouses.

- **Net contributions** refer to contributions after any contribution tax has been deducted.

Interim interest rate is the interest rate paid on your account between the time the last quarterly interest was paid to the account, and when a benefit is paid to you, or rolled over to another fund on your behalf.

Investment Management Fee is the fee paid by the fund to its investment managers.

Medicare levy is the 1.5% of taxable income paid by most Australian individuals, on top of normal income tax, to help pay for the public health system.

Preservation Age is the age set by the Government before which a person's superannuation moneys can only be paid to them under special circumstances.

Public Offer Super Fund is a fund open to anyone entitled to contribute to a superannuation fund.

Retirement Savings Account (RSA) is a different type of superannuation account generally offered by banks and similar institutions. It normally has fixed interest rates which are relatively low. Account balances in RSAs are guaranteed by the company providing the RSA.

Reasonable Benefit Limits (RBLs) are the maximum amounts of superannuation benefit that attract the special tax treatment for superannuation benefits.

Return is a name used for the earnings of a superannuation or investment fund from the investment of the moneys in the fund.

Returns include both the income paid to the fund by the investment managers, and changes in the value of the investment assets (such the rise and fall of share prices).

- **Net returns** refers to investment returns from *which* investment management related costs and tax have been deducted.
- **Gross returns** refers to returns from which investment related costs have not been deducted.
- **Rate of return** is a figure that expresses those earnings as a percentage of the total money invested.

Risk is generally used to describe how much, and how often, the returns of a particular type of investment may rise and fall over time. (For example, shares are more risky than bank deposits).

Rolling periods is a term used to describe continuous periods of a given number of years over which investment returns are measured.

Rollover is the term used to describe the transfer of money from one superannuation fund to another, or to a retirement savings account, or a superannuation income stream.

Superannuation benefit is a payment from a superannuation fund, whether it is paid in cash or transferred to another fund. When paid in cash, a superannuation benefit can be paid as a *lump sum benefit*, or used to provide regular income payments, depending on the type of fund in which your superannuation savings are invested.

Switching fee is a fee charged by the fund when you change your investment options.

AIS CUSTOMER SERVICE CENTRE
Locked Bag 5555
Melbourne VIC 3333
Phone 13 55 33
Fax 03 9999 5544
E-mail: members@aisuper.com.au

ALL INDUSTRY SUPER LTD
GPO Box 5522
Melbourne VIC 3333
Phone 1300 333 555
Fax 03 9999 4455
website www.aisuper.com.au