

Your Guide
to
the
Meridian
Personal
Super Plan

**Product
Disclosure
Statement**

**Issued
1 January 2004**

What this Guide is about

MPSuper Product Disclosure Statement

This Guide was prepared and issued on 1 January 2004 as the Product Disclosure Statement for the Meridian Personal Superannuation Plan (MPSuper) by the Trustee of the Plan, Meridian Funds Management Pty Ltd., ABN 25 126 745 864. It sets out the main features of the MPSuper plan. MPSuper is a public offer superannuation fund that is open to anyone eligible to contribute to superannuation. Many of the terms used in this document are explained on page 14. Some general information about superannuation is included on pages 12 and 13.

Choosing a super fund

This Guide provides important information about the features, costs, benefits and risks of investing your super in MPSuper. 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 MPSuper as your superannuation fund. Note that a 14-day cooling-off period is available if you decide to contribute to this fund (see page 12).

Significant Benefits and Risks of investing in MPSuper

MPSuper allows you to save for your retirement in a tax effective environment in a way that suits you personally. It lets you tailor your investment strategies to your own needs and attitude to risk, as well as offering you a choice of insurance cover for death or permanent disability as part of your superannuation fund.

However, you should be aware that if you leave MPSuper within a few years of joining, you may get back less than the amount of contributions paid in, 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 MPSuper, please contact MPSuper Customer Service at the address below. If you need more information about the Trustee of the Fund, Meridian Funds Management Ltd, please contact the Trustee Office at the address below. The provision of some information may be subject to a charge.

Getting Advice

Meridian Funds Management Pty Ltd is licensed to provide you with personal financial advice through its authorised representatives. You can also obtain advice about this and other superannuation products from any other person licensed to provide such advice. Your employer must not give advice about this fund or recommend any other financial product unless authorised to do so as a financial services licensee or representative.

If you have a complaint or dispute

Please contact MPSuper Customer Service with any questions you may have about MPSuper or your MPSuper account. If you have a complaint or a dispute with us, or this product, please contact our Complaints Officer at the Trustee Office or by e-mail at complaints@mpsuper.com.au. We have internal complaint resolution procedures that will attempt to deal with your complaint or dispute.

If we cannot provide an adequate solution, you may be able to take your complaint to the Superannuation Complaints Tribunal (SCT). The SCT can only deal with your complaint or dispute once you have exhausted our internal complaints resolution procedures. See *General Super Facts* (page 12) for further information and contact details.

How to contact us

MPSuper Customer Service

Locked Bag 2222,
SYDNEY NSW 2222
Ph: 13 33 45 (local call cost excluding mobiles)
Fax: 02 9999 2244
Email: mpsuper@mpsuper.com.au

GPO Box 4433
SYDNEY NSW 2222
Ph 1300 555 444 (local call cost excluding mobiles)
Fax 02 9999 4422

Trustee Office:

Meridian Funds Management Ltd
Website: www.mpsuper.com.au

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1. What is MPSuper?

The Meridian Personal Superannuation Plan (MPSuper) is a superannuation and rollover plan provided by the Meridian Financial Services Group. MPSuper assists members to save for retirement and it has to comply with government regulations in the way it operates.

Anyone eligible to contribute to superannuation can join MPSuper. You can use MPSuper as your super fund even if you change employment or become self-employed.

As a member of a regulated superannuation fund, you will receive the benefits of the special tax treatment available for retirement savings.

Who looks after MPSuper

Meridian Funds Management Ltd (ABN 25 126 745 864) is the Approved Trustee Company that is responsible for the management and investment decisions of the fund. MPSuper uses the services of other Meridian Group companies for the administration and investment of the plan.

An independent custodian company, Eversafe Trustee Ltd, holds all investments on behalf of MPSuper and its members.

Meridian Funds Management Pty Ltd Super Ltd holds an Australian Financial Services Licence (AFSL 444333111), which allows it to provide superannuation products and any advice you may need about its products and the options available to you.

Your Privacy

As a member of MPSuper, you are protected by our Privacy Policy. This means that we only collect information about you that is necessary for us to administer your superannuation account with us and to ensure that you receive the benefits to which you are entitled. We will not use this information for any other purpose or pass it on to any other organisation, without your permission.

For more information read the MPSuper *Your Privacy* leaflet. If you have not received a copy, contact MPSuper Customer Service on 13 33 45 or look for it on our website www.mpsuper.com.au.

2. Making Contributions

Who can pay into MPSuper

- ◆ **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 may also be able to contribute if you are on long term child-care leave.
- ◆ Special employment requirements apply after age 65 (see *General Super Facts* page 12).
- ◆ **You can transfer** (or *rollover*) money from other superannuation funds or retirement savings accounts you may have.
- ◆ **You can make contributions on behalf of your spouse** while he or she is under 65, or up to age 70 if the spouse is working at least 10 hours per week when the contribution is made.

Paying into MPSuper

- ◆ Contributions can be made at any time, either as one-off or regular payments.
- ◆ You will need to contribute or rollover an amount of at least \$10,000 to open an MPSuper account, unless you join the Regular Contribution Plan (see below). Once you have opened an MPSuper account, you can make additional contributions of \$1,000 or more by cheque or by phone using Bpay.
- ◆ If you join the Regular Contribution Plan, the minimum initial contribution or rollover is \$5,000. Regular contributions must be at least \$150 per month. These may be either personal or employer contributions and must be made by bank transfer.
- ◆ The minimum rollover amount (once you have opened an account) is \$1000.
- ◆ You will need to complete the member application and contribution form available from MPSuper customer service or your financial planner.
- ◆ If you want your employer to use MPSuper for their compulsory and other super contributions on your behalf, your employer will need to complete the bank transfer details on your membership application form.

3. How MPSuper Works

Investing in MPSuper units

All contributions paid into the fund by you or your employer, and any super money you transfer into MPSuper, are used to buy *units* in the investment option(s) you have chosen. The more you contribute to the MPSuper, the more units you will have.

Before units are bought for you, the fund deducts any taxes required by the government (see *Tax and Super* page 12). Some fees may also be deducted at this time (see *Fees and Charges* page 8).

Unit values

Units are valued at the end of each business day. The value of the units you hold in the fund is based on the value of the investment option(s) you have selected, minus any investment management fees and charges and tax (see *Fees and Charges* page 8).

There are different prices set for buying units (*entry price*) and selling units (*exit price*); this is sometimes referred to as the buy/sell spread. This difference reflects the transaction costs that MPS incurs in buying and selling investment assets when members join and leave the fund or switch between investment options. The buy/sell spread may vary from time to time but is generally no more than 1% (see *also Fees and Charges* page 10). You can find out the entry and exit price of the units you hold by calling MPSuper Customer Service on 13 33 45 or checking our website www.mpsuper.com.au.

While your money is in the fund, we may deduct account-keeping fees from your account, depending on the fee option you select (see *Fees and Charges* page 8). We will also deduct insurance premiums if you have selected insurance cover (see *Insurance* page 5). Such fees and premiums are deducted from your account by reducing the number of units you hold.

Where your money is invested

MPSuper combines the money in your account with that of other MPSuper fund members and may invest the money directly in investment assets, or in a range of investment funds managed by the Meridian Financial Services Group. As required by law, MPSuper deals with other Meridian funds strictly on an arm's length basis.

MPSuper's Annual Report to members provides details of all current investments. Call MPSuper on 13 33 45 for a copy, or we will send one when you join.

When you want to withdraw from MPSuper

Superannuation savings are intended for retirement and normally cannot be paid out in cash until you retire after age 55 or later (see *General Super Facts* page 12), 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 superannuation account. These circumstances are explained in the *General Super Facts* (page 12).

You can transfer your MPSuper savings to another superannuation fund or Retirement Savings Account (RSA) at any time. An exit fee may be deducted at this time (see *Fees and Charges* page 7).

When you retire, you can withdraw your super in cash or use it to provide yourself with a regular income through MP Super or another fund. To withdraw your super or transfer it to another fund, call 13 33 45 for a benefit payment or transfer form.

What you will receive

When you withdraw or transfer your money from the fund, the benefit you receive is calculated by multiplying the number of units in your account by the exit price for units on the day your payment is processed. An exit fee may be deducted (see *Fees and charges* page 7). This is referred to as your *lump sum superannuation 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.

MPSuper allows you to nominate to whom you want the benefit paid when you die, subject to certain government rules. This is explained in the *Binding Nomination* section on the MPSuper application form. Your nomination will normally be valid for 3 years, unless you change it before that time.

4. Your Insurance Choices

What insurance cover means

MPSuper insurance cover can help you provide for your dependants and yourself when you are no longer able to do so. If you elect to take insurance cover through MPSuper, 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).

Insurance Cover is not available once you reach age 65.

Insurance cover is optional

Insurance cover in MPSuper is optional. It is provided through Meridian Life Ltd, a member of the Meridian Financial Services Group.

You can choose to arrange insurance for death and total and permanent disability as part of your superannuation plan. The cost of insurance cover depends on your age and other factors including your health.

You can nominate the amount of insurance cover you want, and whether you want life cover only, or life and disability cover. You will need to complete a statement about your health, and you may need to have a medical check, depending on the amount of insurance cover you want. We will let you know if a medical is required once you apply for the insurance.

Period of cover

Your insurance cover begins once the fund's insurer has approved your application for cover.

Your insurance cover ends when:

- ◆ you tell us that you no longer need insurance cover;
- ◆ your account balance falls below \$1500. We will advise you if this is likely to happen; or
- ◆ you reach age 65 or have successfully made a claim.

Phone MPSuper on 13 33 45 for more information, including an application form for optional insurance cover. We will automatically send you more details about insurance when you join MPSuper.

5. Your Investment Options

What choice of investments means

You need to choose the way your money is invested in MPSuper. Each investment option presents a different degree of investment **risk** together with a different likely level of earnings (**return**) on your investment.

When choosing your investment option, consider:

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

Historically, *growth assets* such as shares and property carry a higher level of investment risk over shorter periods, with the possibility of higher returns over the longer term.

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

If you do not indicate an investment choice, your money will be invested in Option G (Cash) in Table 1 until you tell us otherwise.

Remember that your superannuation is for your retirement and will be invested at least until your preservation age (see *General Super Facts* page 12).

Your investment options

As an MPSuper member you can **either**:

- ◆ select a pre-mixed investment strategy from options A to C in Table 1 below, **or**
- ◆ decide your own investment mix by choosing one or more of Options D to G in Table 1.

Use the MPSuper Application Form to indicate your investment choices.

Table 1 provides a guide to the relative risk and level of return of each of the investment options, as well as an indication of a suitable time period for investing in any of these options. Your investment in all investment options can rise or fall in value.

Your choice of investment options will apply to the units you hold in the fund as well as to future regular contributions. You can change your selected options up to four times a year without cost. A switching fee will be charged after that on the amount switched. (see *Fees and Charges* page 8). You can choose different option(s) for any future one-off contribution or rollover without charge.

Note that if you switch some or all of your account balance from Cash to another investment option additional fees may apply (see *Fees and Charges* page 7).

Table 1: MPSuper Investment Options

Investment Options	Investment Objective	Type of assets *	Risk	Expected Returns	Recommended length of Investment
Option A : Growth	Returns 4% above inflation over rolling 4 year periods	75% growth 25% defensive	Medium to High	Medium to High	7 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 4 year periods	25% growth 75% defensive	Low to Medium	Low to Medium	2 years or more
Option D Shares	Returns 5% above inflation over 7 year rolling periods	100% shares local and overseas	High	High	10 years or more
Option E Property	Returns 4% above inflation over 5 year rolling periods	100% property Australian	Medium to High	Medium to High	10 years or more
Options F Bonds	Returns 2 % above inflation over 2 year rolling periods	100% bonds local and overseas	Low to medium	Low to medium	2 years or more
Option G Cash	Returns 1% above inflation in any year	100% cash and cash equivalent	Low	Low	Up to 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 from time to time, to maximise investment returns.

Cost of the MPS investment options

Different investment management fees apply to the various MPS investment options. This reflects the difference in costs of managing the different types underlying of assets. These fees are already reflected in the unit prices of the different options; they are not additional fees.

The fees are as follows:

Investment Option	Fee per year
Option A : Growth	1.8% of assets (\$18 per \$1000)
Option B: Balanced	1.6 % of assets (\$16 per \$1000)
Option C Conservative	1.4% of assets (\$14 per \$1000)
Option D Shares	1.8% of assets (\$18 per \$1000)
Option E Property	1.6% of assets (\$16 per \$1000)
Options F Bonds	1.4% of assets (\$14 per \$1000)
Option G Cash	1.1% of assets (\$11 per \$1000)

MPS investment policy

In designing investment options or selecting investment managers, MPS does not specifically take into account labour standards or environmental, social and ethical considerations. Nor does MPS do so in selecting, retaining or realising the investments of the fund.

External fund managers may at times take these matters into account in selecting, retaining or realising investment for MPS, but only to the extent that they may affect the profitability of those investments.

How MPSuper investments have performed

Table 3 below sets out the net investment returns earned by each of the investment options in recent years.

These returns have been calculated after deducting all the investment management costs and other investment expenses set out in the Fee tables on page 8 and 9.

All MPSuper investment options have met or exceeded their investment objectives over the 5-year reporting period.

You need to be aware that past investment performance is no guarantee of the future investment returns of any investment options.

Investment Options	Net rates of return					
	2002/03	2001/02	2000/01	1999/2000	1998/99	5 year annual compound average
A Growth	7.50%	-2.30%	7.80%	12.50%	10.40%	7.06%
B Balanced	7.00%	-1.30%	7.16%	11.00%	9.30%	6.53%
C Conservative	5.90%	2.20%	6.17%	7.45%	7.10%	5.16%
D Shares	8.00%	-8.00%	8.30%	16.00%	13.00%	8.91%
E Property	10.30%	9.50%	10.60%	8.50%	9.30%	6.57%
F Bonds	5.45%	4.90%	5.80%	5.50%	5.80%	5.49%
G Cash	3.50%	2.50%	3.30%	3.50%	3.00%	3.16%

6. Fees and Charges

Significant MPSuper fees

Table 3 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. Taxes and insurance premiums are set out in another section of this document. *

Fees for particular investment options may also appear separately. 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 and when paid
	NIL Contribution Fee option	Contribution Fee Option	
<i>Establishment fee:</i> This is the fee to set up your account in the fund.	Nil	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 .	4% of the net payments into your account (\$40 per \$1000)	Deducted from all net contributions, transfers or rollovers when paid to your account. Part of this fee may be paid to your adviser .
<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).*	Ranges from 4% of withdrawals in year 1 to nil from year 5 onward*		Deducted from the amount withdrawn at the time of payment. Part of this fee may be paid to your adviser .
<i>Termination fee:</i> This is the fee when you close your account with the fund.	Nil	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 in the “breakdown of ongoing fees” table below.	Range from 1.6% to 2.3% pa of assets depending on investment options you select plus \$48 member fee pa.	Range from 1.6% to 2.3% pa of assets depending on investment options you select.	
<i>Switching fee:</i> This is the fee charged when you switch between investment options offered by the fund. *	1% of the amount switched (\$10 per \$1000 switched)	1% of the amount switched (\$10 per \$1000 switched)	First 4 switches free. Applies to all switches in a year in excess of 4. Deducted when you switch by reducing the number of units you hold.
<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 <i>Important Additional Information</i> on page 9&10.)	Nil *	Nil *	

* See *Important Additional Information on Fees* on pages 9 and 10.

Breakdown of ongoing fees in MPSuper

This table contains a breakdown of the ongoing fees shown in the above table. These fees are not additional.

Type of ongoing fee	Amount		How and when paid
	NIL Contribution Fee option (Default option)	Contribution Fee Option	
<i>Administration fee:</i> This is the fee to cover the general administration of the fund.	NIL	NIL	
<i>Investment management fee:</i> This is the fee for managing the fund's investments. (The amount you pay for specific investment options is shown in Table 2 on page 7.)	Ranges from 1.1% pa (\$11 per \$1000) to 1.8% pa (\$18 per \$1000)	Ranges from 1.1% pa (\$11 per \$1000) to 1.8% pa (\$18 per \$1000)	Paid annually from the assets of each investment option, <i>before</i> unit values are calculated. Part of this fee may be paid to your adviser as ongoing commission.
<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	NIL	
<i>Expense recoveries:</i> This is an estimate of the out-of-pocket expenses the trustee is entitled to recover from the fund.	Currently 0.5% pa of assets in the fund (\$5 per \$1000) (maximum 1%)	Currently 0.5% of assets in the fund (\$5 per \$1000) (maximum 1%)	Paid from the assets of the fund as expenses are incurred
<i>Member fee:</i> This is a member account-keeping fee charged by the fund.	\$4 per month (\$24 per half year)	Nil	Deducted from your account twice a year by reducing the number of units you hold.

Important additional information about MPS fees

Fee options

MPS Super offers 2 different fee options when you join;

- ◆ **The Nil Contribution fee option (default option)**
- ◆ **The Contribution fee option**

If you select the **Nil Contribution fee option**, you pay no fees on any contributions, transfers or rollovers into your account, but if you withdraw some or all of your account balance during the first 4 years, you will pay a withdrawal fee as follows:

Year 1	4%	(\$40 per \$1000)
Year 2	3%	(\$30 per \$1000)
Year 3	2%	(\$20 per \$1000)
Year 4	1%	(\$10 per \$1000)
Year 5 and after		no withdrawal fee

You will also pay an member fee of \$4 per month. If you choose the No Contribution Fee Option. This is the default option if you do not choose a fee option yourself.

How fees apply to the Cash Option

If you invest directly in the Cash Option, you pay no contribution fees or exit fees under either fee option. However,

- ◆ if you switch money that was subject to an exit to the Cash Option and withdraw within 4 years, you may incur a withdrawal fee of up to 4% (as set out above), or
- ◆ if you switch from the Cash Option to another investment option, you will be charged a contribution fee of 4%.

The effect of entry and exit unit prices

For all investment options except the Cash option, there is a difference between the *unit entry price* you pay when you invest in MPSuper or switch to a particular investment option, and the *unit exit price* you receive when you withdraw money from the fund or switch from a particular investment option. This is called the 'buy/sell spread' and is explained in section 3 *How MPSuper works*.

The buy/sell spread ensures that members joining or leaving the fund, or switching between investment options, pay for the investment transaction costs incurred by MPS rather than all other members. MPS calculates the average cost of such transactions for each investment option from time to time. The buy/sell spread is generally no more than 1% of the amount deposited, withdrawn or switched (\$10 per \$1000).

The buy sell spread applies *in addition to* the contribution or withdrawal fee that is part of the fee option you select.

Changes in fees

MPSuper will not increase the fees set out without letting you know at least 3 months in advance. The only exception is Expense Recoveries, which may vary depending on the actual costs incurred by the MPSuper Trustee. However, Expense Recovery cannot exceed 1% per year without prior notice to fund members.

Adviser fees and commission

If you have purchased this superannuation product through a financial adviser or planner, he or she is generally entitled to a commission. Commission may include an **up-front** amount of 4% of moneys paid into your account, and an **ongoing** amount of 0.3% per year of the money in your account.

For example if you contributed \$1000 to MPSuper, the **up-front** commission would be \$40. If you had an average of 10,000 in your account, the **ongoing** commission would be approximately \$30 that year.

This is **not** an additional charge on your contributions or account. MPSuper pays this commission to planners and advisers from the fees you pay to the fund.

Some advisers will return some or all of their commission to your account, for example if you pay them a direct fee for their advice. Ask your financial planner or adviser if they are willing to do so.

For information about adviser fees and commission, consult the Financial Services Guide your adviser must give when providing advice about MPS or other financial products.

For Information about

Insurance costs see page 5.

Tax & Super see page 13

8. Keeping up to Date

Information we will send you

To help you stay well informed about your super, MPSuper will send you:

- ◆ Half yearly statements about your own MPSuper account (which 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 Annual Trustee Report for MPSuper.
- ◆ Our quarterly magazine, *Meridian News* (with regular updates about investment performance and articles on financial and other subjects of interest);
- ◆ The MPSuper *Your Privacy* leaflet.
- ◆ MPSuper's Privacy Policy (on request)
- ◆ Other information on request, including full Audited Account information and the Fund's Rules (Trust Deed). A charge may apply to cover copying and postage.

Visit the MPSuper website at www.mpsuper.com.au for all these publications and further information about MPSuper.

Keeping track of your super

Call MPSuper Customer Service, or register on-line to receive a PIN which will allow you to track your super account via the website or by phone.

Keeping in touch

We can only send you this information if we have your current address, so it is important you tell us your new address if you move. A change of address details slip is provided with every half yearly statement or call MPSuper Customer Service on 13 33 45 for a change of address advice. You can also use your PIN to change your address details by phone or on the MPSuper website.

If we lose contact with you for two years, or if your account has not received any contributions for two years, or if your account balance falls below \$1500, we may transfer your account to the Supersafe Eligible Rollover Fund.

When your money is transferred to that Fund it will continue to be protected against the effect of fees and charges if the account balance is less than \$1000, but it may earn only a low rate of interest. You can contact the Supersafe Eligible Rollover Fund by calling 13 99 88, or writing to:

Supersafe Eligible Rollover Fund
GPO Box 4000
SYDNEY NSW 2001.

MPSuper Customer Service

Locked Bag 2222
SYDNEY NSW 2222
Ph: 13 33 45 (local call cost except for mobiles)
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Website www.mpsuper.com.au

9. General Super Facts

Cooling Off Period

When you choose a *public offer super fund* or *retirement savings account (RSA)* 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 Plan 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 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

Superannuation is a long-term investment for your retirement. The 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 indicated in the table below:

Preservation age for persons

		Age
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	30/6/1964	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 in Page 13 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.

10. 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 (ie from 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 paid for which you received a tax deduction (these are called *deductible* contributions).

An additional superannuation tax surcharge of up to 15 per cent 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 \$95,000.

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 per cent 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 per cent, 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 withdraw money from the Fund in cash. The amount of tax will depend on your 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 \$110,000 (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 at your personal tax rate 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 prior to reaching preservation age, higher tax rates will 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.

An offset of up to \$540 is available if you make spouse contributions 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 own contributions. Tax deductions reduce the income on which your tax is calculated.

For further details ring the Australian Taxation Office Super Helpline on 13 10 20 or contact your fund.

11. Explanation of words used in this Guide

Binding Nomination is the way in which you can direct the fund how to pay the super benefit available when you die. You must nominate people who qualify as dependents under government rules for the nomination to be valid.

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 by the Superannuation Guarantee legislation or an industrial award, or *voluntary contributions* made in addition to these, either by employers, or by members for themselves or their spouse.

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

Contribution fee is a fee that may be charged by the fund when you or your employer contributes money to your account.

Exit fee is a fee that may be charged by the fund when money is paid from your account, whether it is paid in cash or transferred to another fund.

Expense recovery fees are fees that may be charged by the fund to cover variable expenses associated with the running of the fund not covered by regular management fees such as the Trustee Management Fee.

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 Superannuation 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 pays fixed interest rates that 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. There are separate limits for lump sum payments and superannuation pension benefits.

Return is a name used for the earnings of a superannuation or investment fund. Returns include both the income paid to the fund by the investment managers, and changes in the value of the investment assets (such as the rise and fall of share prices).

- *Net returns* refers to investment returns from which investment related costs and tax have been deducted.
- *Gross returns* refers to investment returns from which investment related costs have not been deducted.
- The *rate of return* gives 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).

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.

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

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 your superannuation savings are invested in.

Switching fee is a fee that may be charged by the fund when you change your investment option(s).

Investment Management fee is a fee that may be charged by the fund to cover the cost of investment management fees paid by the fund to its investment managers.