2. How super works – additional guide

This statement was prepared on **1 July 2019**.
The information in this document forms part of the Product Disclosure Statements of:

- Vision Super Saver dated **20 December 2019**, and
- Super Saver Australian Services Union dated **20 December 2019**.

IMPORTANT INFORMATION

The information in this additional guide ('Guide') is a summary only and forms part of the Product Disclosure Statements (PDSs) for Vision Super Saver and Super Saver Australian Services Union.

This Guide is issued by the Trustee and is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. Where tax information is included you should consider obtaining personal taxation advice.

This Guide is up to date at the time it was prepared. Information in this Guide is subject to change from time to time. If a change does not adversely affect you, we may update the information by notice on our website **www.visionsuper.com.au** and/or inclusion in the next newsletter. You can also call our Contact Centre on **1300 300 820**. A paper copy of the updated information will be given to you without charge on request.

Vision Super Pty Ltd ABN 50 082 924 561 AFSL No. 225054, RSE Licence L0000239 ('the Trustee' or 'we' or 'us') is the Trustee of the Local Authorities Superannuation Fund ('Vision Super' or 'the Fund') ABN 24 496 637 884. The final authority on any issue relating to the Fund is the Trust Deed governing the Fund, the relevant provisions of the Commonwealth legislation and the relevant insurance policy (if applicable).

2 How super works

What types of contributions can be made to my account?

All kinds of contributions can be made to your Vision Super account, including employer, salary sacrifice, personal after-tax, and spouse contributions, depending on your age and other factors (refer to the table below).

We can only accept contributions for you in certain circumstances based on your age, hours worked and types of contributions. In certain circumstances we are also required to have your TFN. Please refer *'7. How super is taxed – additional guide'* for further information on supplying your TFN.

YOUR AGE	DOES A WORK TEST APPLY?	EMPLOYER CONTRIBUTIONS	PERSONAL AFTER TAX CONTRIBUTIONS	PERSONAL DEDUCTIBLE CONTRIBUTIONS	SPOUSE CONTRIBUTIONS
Under 65	No	Yes	Yes	Yes	Yes
Over 64 but under 70	Yes	Yes**	Yes*	Yes*	Yes*
Over 65 but under 75	Yes	Yes**	Yes*	Yes*	No
Age 75 or over	No	Yes***	No	No	No

* Generally, a contribution can only be accepted after age 64 if you were gainfully employed at least 40 hours in a period of not more than 30 consecutive days during the financial year in which the contribution is made. This is known as the **work test**.

From 1 July 2019, members aged between age 65 – 74 with a total superannuation balance of less than $300,000 will be exempt from the work test for a 12 month period. These members are able to make voluntary contributions for up to 12 months from the end of the financial year in which they last met the work test. The exemption is only available for one 12 month period in an individual's lifetime.

** From age 65 to 74, an employer can make mandated employer contributions (that is SG and award contributions) for you. However, any additional employer contributions can only be made if you satisfy the work test explained above.

*** After age 74, only mandated employer contributions can be accepted for you.

Concessional (pre-tax) contributions

Concessional contributions are contributions made from your pre-tax salary or wage and include employer, salary sacrifice or personal contributions. Generally, concessional contributions are subject to a 15% tax on entry into the fund.

Employer contributions

Any contributions made by your employer are called concessional contributions. Super Guarantee (SG) contributions can be made to your account as well as any contributions mandated under an award or workplace agreement or additional voluntary employer contributions. The Australian Taxation Office (the ATO) website contains further information relating to the SG.

Salary sacrifice contributions

If your employer allows it, you can choose to make salary sacrifice contributions out of your pre-tax pay. These contributions are treated as employer contributions in the hands of the Fund and taxed accordingly.

Personal super contributions

Personal contributions are any contributions made from your after-tax (take home) pay or savings. You may be able to claim a tax deduction for personal contributions you make to your super. Individuals under age 65, and those aged 65 to 74 who meet the work test or are exempt from the work test for 12 months, are eligible to claim a tax deduction for personal contributions to an eligible superannuation fund up to the concessional contributions cap. If you are aged 75 or older, you can only claim a deduction for contributions made before the 28th day of the month following the month you turned 75.

If you intend to claim a tax deduction for your personal contributions, you must lodge a valid Notice of intent to claim a tax deduction. If you would like a copy of this notice, you can call our Contact Centre on **1300 300 820**.

When you give us a Notice of intent to claim a tax deduction, you will receive a confirmation from us acknowledging that we have received your notice. You should make sure that you receive this confirmation the earlier of the following dates:

- The day that you lodge your tax return, or
- The end of the income year following the year in which the personal contributions were made.

If you haven't received our confirmation that we have received your notice, please call our Contact Centre on **1300 300 820**.

If you claim a deduction for your personal contributions, you may not be eligible for a Government co-contribution. Refer to *'7. How super is taxed – additional guide'* for more information.

Spouse contributions

A spouse contribution is an after-tax contribution made by your spouse (married, de-facto and same sex couples) into your account. To be eligible, you must be under age 65 and your assessable income (including reportable fringe benefits and reportable employer super contributions) for a financial year is less than $37,000. Contributions can also be made by your spouse into your account from age 65 to 69 only where you meet the work test, or are exempt from the work test for 12 months, as noted in the table above.

If you are the contributing spouse, you will be able to claim the maximum tax offset of $540 for any contributions made by you into your spouse's account, subject to the eligibility criteria described above. The tax offset will gradually reduce where the receiving spouse's assessable income is above this amount and completely phases out when the receiving spouse's income reaches $40,000. You will not be eligible for the tax offset for the spouse contributions you make if your spouse exceeds the non-concessional contributions cap for the relevant year or if their total super balance is equal to or exceeds the general transfer balance cap ($1.6 million for 2019-20) before the start of the relevant financial year.

Concessional contributions

Concessional contributions (including employer, salary-sacrifice contributions and member deductible contributions) are taxed at 15% on amounts up to $25,000 regardless of your age.

This cap is indexed in line with average weekly ordinary time earnings (AWOTE) and increased in increments of $2,500 (rounded down).

If you have a total superannuation balance of less than $500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap and make additional concessional contributions for any unused amounts in prior years. The first year you will be entitled to use carry forward unused amounts is the 2019–20 financial year. Unused amounts are available for a maximum of five years, and after this period will expire.

Refer to the ATO website for further information.

Excess concessional contributions tax

Where your concessional contributions exceed the relevant concessional contributions cap, the excess will be taxed at your marginal tax rate plus an excess concessional contributions charge which represents an interest charge because the tax on your excess contributions (if any) is collected later than normal income tax. You will be entitled to a non-refundable tax-offset equal to 15% to account for the contributions tax that has already been paid in respect of your excess concessional contributions.

This excess concessional contributions tax is levied on you personally. You may elect to withdraw up to 85% of your excess concessional contributions from your superannuation account to help pay your income tax assessment when you have excess concessional contributions. Any excess concessional contributions withdrawn from Vision Super will no longer count towards your non-concessional contributions cap.

Marginal tax rates

Marginal tax rates are available from the ATO website **www.ato.gov.au** or by calling **131 020**.

Tax File Numbers

Additional tax will apply to all concessional contributions if we do not have your Tax File Number (TFN). Please refer to the 'Acceptance of Contributions' table on page 2 of this Guide, and also to *'7. How super is taxed – additional guide'* for further information on supplying your TFN.

> **!**
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> **Please note:**
> Some concessional contributions count towards the income test that determines your eligibility for various Government support benefits as well as the Government Co-contribution, the spouse contribution tax offset and any personal deductible contributions you make. These are called Reportable Superannuation Contributions (RSCs). Contributions such as personal contributions for which a tax deduction is being claimed, and salary sacrifice and other voluntary employer contributions may also be included as RSCs.

Non-concessional (after-tax) contributions

Non-concessional contributions are contributions that you make to your super fund from your after-tax income (ie from your take-home pay for which you do not claim a tax deduction). Non-concessional contributions are generally taxed at 0%. However, if these contributions exceed your non-concessional contributions cap additional tax is payable.

Limits to non-concessional contributions

There are limits on the amount of non-concessional contributions you can make or receive. It is your responsibility to monitor your own superannuation contributions to ensure that you do not exceed these limits.

Vision Super is unable to accept non-concessional contributions over the non-concessional contributions cap of $100,000 (for 2019/2020) This cap is increased in $10,000 increments, in line with increases in the $25,000 concessional contributions cap.

If you are under 65 years of age, you are able to 'bring-forward' the non-concessional contribution caps by two years subject to your super balance on the 30 June prior to the financial year. If you go over the non-concessional cap, you can withdraw the excess non-concessional contributions, and any earnings. The earnings would then be included in your income tax assessment. If you choose not to withdraw your excess contributions, they are taxed at the top marginal tax rate. The ATO will work out if you have gone over the non-concessional contributions cap by looking at the information as reported by Vision Super and any other funds you are a member of and what you have reported in your tax return.

Refer to the ATO website **www.ato.gov.au** for further information.

We cannot accept non-concessional contributions if you have not provided us with your TFN.

Contribution splitting

Super splitting allows you to split concessional contributions made or received by you in the previous financial year with your spouse or de facto spouse (including same-sex couples). You have until 30 June every year to request the splitting of contributions that were made in the previous financial year. An application to split concessional contributions can also be made in respect of contributions made or received by you in the year in which you make your application if you are going to cease to be a member of the Fund (provided the application is made before your benefit is paid or transferred out of the Fund).

Each year you can usually split the lesser of:

- 85% of concessional contributions for a financial year, and
- Your concessional contributions cap for the financial year.

Terms and conditions apply. Please call our Contact Centre on **1300 300 820**.

The Government Co-contribution

If you are eligible, the Government will contribute up to $0.50 for every after-tax dollar you contribute to your super account, up to a maximum of $500 per year. The co-contribution reduces if your income for a financial year is above $38,564 (2019/20) and cuts out when your income for a financial year is $53,564 (2019/20) or above.

If you are eligible, your co-contribution amount will be automatically calculated and deposited into your super account. You cannot receive a Government Co-contribution if you have not provided us with your TFN.

Please refer to *'7. How Super is taxed – additional guide'* for more info on eligibility requirements.

Rollovers – consolidating my super

You can more easily manage and monitor your super by consolidating all your super into a single account. If you have money invested in other super funds and would like to roll that money into Vision Super, simply complete the Request to Transfer or Rollover Superannuation Benefits into Vision Super form available from our website or call our Contact Centre on **1300 300 820** if you're calling from a regional area.

Consolidating your super means you only pay one set of fees. We charge no fees for rolling your superannuation into Vision Super. You should check what impact transferring your superannuation to Vision Super will have on any insurance cover you may have with other funds. The current earning rate of your other superannuation, which may be positive or negative, will be reflected in your transfer balance.

Before transferring, you may want to obtain financial advice.

Lost members and unclaimed money

You become a lost member if mail sent to your last-known address is returned at least once or if we have never had an address for you. When that happens, we notify the Australian Taxation Office (ATO) and your name is added to the Lost Members Register.

If the amounts payable to you become 'unclaimed money' (as defined in superannuation legislation), your benefit is transferred to the ATO where it is held on your behalf until you claim it.

Your benefit becomes unclaimed money in a number of circumstances prescribed by law including:

- You are a temporary resident and have not claimed your benefit within six months of leaving Australia
- You have reached age 65 and we have not received any amount into the Fund within the past 2 years, or we have not been able to contact you for five years
- You meet the definition of being a lost member and your account does not support a defined benefit interest and:
  – is less than $6,000 (or other amount prescribed by the Government from time to time), or
  – your account has been inactive for a period of 12 months and we don't believe it will be possible to pay your benefit to you in the future.

Inactive Low Balance Accounts

If you have an inactive low-balance account, we are required to transfer your account to the ATO. Your account is an inactive low-balance account, if:

- The account is less than $6,000
- No amount has been received (such as a rollover or contribution) in the last 16 months
- An amount is not owed in respect of that account
- The account has no insurance cover
- There has been no change to investment options in the last 16 months, and
- A binding death nomination has not been made or amended in the last 16 months.

If you have more than one account, the ATO will attempt to match it to an active account where the reunited balance exceeds $6,000.

There may be circumstances where a portion of your account relating to a MySuper investment option is considered to be an inactive low balance account. If it is, we are required to transfer your MySuper benefits to the ATO.

Accessing your benefit

For you to be able to access your benefits certain conditions must be satisfied. This includes consideration of the preservation status of your benefits (i.e. whether benefits are preserved benefits, restricted non-preserved benefits or unrestricted non-preserved benefits).

Preserved benefits

Generally, contributions to superannuation cannot be withdrawn in cash until you meet a condition of release. This is known as preservation. Certain benefits must be preserved (or kept) in a super fund like Vision Super under Government regulations. A preserved benefit always belongs to you, but you cannot receive it in cash as a lump sum unless you satisfy one or more of the following criteria:

- Have reached age 65*
- Have reached age 60, ceased an employment arrangement with an employer contributing to the Fund or the Fund believes that you never intend to work again*
- Have retired permanently from the workforce and have reached your preservation age* (refer to table below)
- Die or become totally and permanently incapacitated (as defined in the legislation)
- Have a preserved benefit of less than $200* and you cease employment
- Are an eligible temporary resident departing permanently from Australia
- You have a terminal medical condition (as defined in the legislation), or
- You can demonstrate financial hardship or apply to the ATO for a compassionate grounds release*.

Under the transition to retirement rules, you may be able to access your preserved benefits via a pension once you have reached your preservation age, even if you are still working.

* These conditions of release are not available to you if you are a temporary resident unless you are an Australian or New Zealand citizen or hold or held a sub-class visa 405 (investor retirement) or 410 (retirement).

Preservation age

What is your preservation age?

DATE OF BIRTH	PRESERVATION AGE*
Before July 1960	55 years
Between 1 July 1960 and 30 June 1961	56 years
Between 1 July 1961 and 30 June 1962	57 years
Between 1 July 1962 and 30 June 1963	58 years
Between 1 July 1963 and 30 June 1964	59 years
From 1 July 1964	60 years

Restricted non-preserved benefits

Restricted non-preserved benefits may be paid to you in cash when you terminate your employment, and your employer had contributed to your superannuation (including any restricted non-preserved transferred amounts).

Unrestricted non-preserved benefits

If you have them, unrestricted non-preserved benefits may be paid to you in cash at any time.

Withdrawals

Once you have met a condition of release (e.g. retirement, and reaching your applicable preservation age), you may withdraw any component of your super benefit.

Legislation allows you to cash out unrestricted non-preserved components of your super at any time where your super fund's rules allow it.

Vision Super can refuse to pay out part of your account if your residual balance will be less than $6,000 except in limited circumstances such as financial hardship/compassionate grounds.

Taxes may be deducted from your benefit at the time the withdrawal is processed. To make a withdrawal, you must complete a Vision Super Benefit Payment Instruction Form and send it to us. You can obtain this form from our Member Services team.

For more information about taxes in relation to superannuation withdrawals please refer to *'7. How Super is taxed – additional guide'*.

Rollovers

There may be circumstances where you may consider rolling over your benefits to another superannuation provider. You are generally able to do this even if your benefits are preserved. We charge no fees for rolling over your superannuation (with the exception of a sell spread which will be applied when selling units in the Fund). Currently the buy and sell spreads are nil.

Vision Super can refuse to rollover or transfer part of your account to another fund if the residual balance will be less than $6,000.

You should be aware that the other fund may charge you entry fees for rolling-over your super. You should also check what impact transferring your Vision Super benefits will have on any insurance cover you have. The current earning rate of your Vision Super benefits (which may be positive or negative) will be reflected in your transfer balance.

Before transferring you should consider obtaining financial advice.

For help and advice call our Contact Centre

Telephone
1300 300 820 8:30am to 5:00pm Monday – Friday, not including Victorian public holidays

Email
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Website
www.visionsuper.com.au