

EMPLOYER NEWS

TWUSUPER News for Employers - August 2011



TWUSUPER

Hardworking super for people in transport



An Industry
SuperFund

Federal Budget updates to your employees' super

The Australian Government announced a number of changes to superannuation in the 2011 Federal Budget. Read on for some of the key changes.



1 Superannuation information on payslips

The Government announced its intention to mandate that all Australian employees receive information on their payslips about the amount of superannuation actually paid by employers into their super account. From 1 July 2012, super funds will also have to provide quarterly updates to members and employers if regular payments cease.

2 Freeze on superannuation co-contribution indexation extended

Income thresholds that set a limit on co-contribution eligibility will be frozen for an additional year to 2012/13. Income thresholds mean the Government will match after tax contributions to super on a \$1 for \$1 basis up to \$1000, for eligible workers earning up to \$31,920 pa. Eligible workers contributing to super after tax, and earning between \$31,920 and \$61,920 pa, will receive a reduced co-contribution.

3 Refund of excess concessional contributions

For contributions made since 1 July 2011, taxpayers who for the first time breach the concessional contributions cap by up to \$10,000 (not indexed) will have the one-off option to withdraw the excess concessional contributions out of their super account. This amount would then be assessed as income at their marginal tax rate rather than incurring excess contributions tax.

4 Higher superannuation contribution caps for over 50s

From 1 July 2012, the concessional contributions cap for individuals aged 50 or over with less than \$500,000 in their superannuation account will be set at \$25,000 more than the general concessional contributions cap. This takes the 2012/13 cap for eligible individuals aged 50 and over to \$50,000 pa. The general concessional contributions cap of \$25,000 is indexed, whereas this excess amount of \$25,000 over the general cap for eligible individuals will not be indexed.

For all other members regardless of age (including members aged 50 or over with an account balance of greater than \$500,000) the proposed contribution cap is to be set at \$25,000 pa indexed.

5 Greater use of Tax File Numbers

From 1 July 2011, super funds will be allowed to make greater use of TFNs to locate duplicate member accounts. From 1 January 2012, this will assist members with the consolidation of multiple member accounts.

More information

For more information about any of these changes visit either www.budget.gov.au or www.twusuper.com.au or call us on 1800 222 071.

Please note, at the time of producing this publication, the budget proposals had not been passed into legislation.



Investment update: the 2010/11 year in review

In the 2010/11 financial year investment markets followed a very similar path to the previous 12 months.

The strong returns achieved by asset classes again masked the fact that 2010/11 was a volatile period for investors in which sentiment often swung widely.

As was the case in 2009/10, the last financial year could be divided into two distinct periods for investment markets, when investors were either clearly risk averse or, on the other hand, were happy to assume more risk.

Equity markets rise

Despite the year commencing with concerns regarding sovereign default in Europe (particularly in Greece) and the possibility of a 'double dip' recession in the US, the first nine months of the financial year saw equity markets steadily rise before retracing some of the gains in the last quarter, particularly in the Australian market.

The catalyst for the initial rally in global equity markets was action taken by policy makers to boost economic growth and to allay fears of a Greek default. Substantial fiscal packages were announced in the US & Japan, and the US Federal Reserve later provided further monetary policy easing through a \$US600 billion package to buy US government bonds, a move

that became known in financial markets as QE2 (the second round of quantitative easing).

However, risk aversion held sway in the final quarter. As the impact of the Japanese tsunami on global trade was felt, credit agencies threatened to downgrade the AAA credit rating of the US, and political indecision in Europe renewed fears of a Greek default. At one stage, the Australian equity market was down more than 10% for the quarter, before recovering in the final few days. Although still posting a negative return for the quarter, the strong performance in the three preceding quarters enabled the Australian market to register a return of approximately 12% for 2010/11.

Strong AUD affects returns

Overall, global equity markets gained more than 20% for the financial year, but the strength in the Australian dollar meant returns to Australian investors fell away to less than 3%. Bond markets returned around 6% for the year, with yields rising and falling in tandem with the risk appetite of investors.

The new financial year has had a very rocky start, with the same factors

driving markets as has been the case for the last 12 months. Despite equity market valuations appearing attractive, with markets trading below long term average price earning ratios, it is difficult to see a return to less volatile times until financial markets see a clear resolution to the significant issues facing investors.

Andrew Killen
Chief Investment Officer



**COMING
SOON**

2011 Member Benefit Statements and the Fund's Annual Report

Look out for our Annual Report which will be available at www.twusuper.com.au from late September.

Your employees who are TWUSUPER members will also start receiving their 2011 Annual Benefit Statements and the latest edition of our member magazine *Gearing Up* from late September.



Improved insurance

We've made changes to our insurance to help ensure that your employees and their families are better protected.



From 28 May 2011, the level of basic cover for most TWUSUPER members increased to 2 units of death cover and 2 units of Total and Permanent Disablement (TPD) cover – previously 2 units of death cover and 1 unit of TPD cover for most TWUSUPER members.

Members had until the end of August 2011 to further increase their basic cover to 3 units of death cover and 3 units of TPD cover, to further protect them and their families in the event of their injury, illness or death, without the need to provide health evidence.

TWUSUPER has made a number of other important improvements to its insurance effective 28 May 2011, which include:

- ▶ enabling members to apply for an additional unit of basic death and TPD cover within 120 days of joining the Fund without the need to provide health evidence;
- ▶ enabling members to apply for an additional unit of death and TPD cover following a lifetime event (eg. marriage, the birth of a child) without providing health evidence;

- ▶ extending TPD cover to eligible members between 65 and 70 years of age; and
- ▶ providing members who are insured with the Fund for 10 or more consecutive years with an additional 5% increase in their insured benefit if a death, terminal illness or TPD benefit is paid (subject to the applicable maximum insured cover limits).

For detailed information about these improved insurance arrangements they can visit www.twusuper.com.au.

Why we need your employees' Tax File Numbers

As an employer, you are required to inform us of each employee's Tax File Number (TFN) if they provided you with one on or after 1 July 2007. If your employee advises you of their TFN and you do not pass it on to us within 14 days, you could be subject to penalties from the Australian Taxation Office.

While employees do not have a legal obligation to provide their TFN to you or TWUSUPER, they may be disadvantaged if we do not have their TFN. For example, without their TFN we are unable to accept their after tax personal contributions, which means that eligible employees won't receive the Government co-contribution. In addition, these employees would need to pay an extra 31.5% tax on employer contributions made on their behalf. They may also pay higher tax on their super benefit payments.

The easiest way to provide us with an employee's TFN is via your next Contribution Return.

Employer Contribution Statements go online



Hard copy Employer Statements will no longer be mailed out automatically. You can view your contribution history online by registering for EmployerAccess at www.twusuper.com.au. If you would still like a copy of your statement, call us on **1800 241 877** for assistance.

Have any of your employees moved house recently?

As an employer, you are likely to have processes that require staff to notify you when their personal details change, such as when they move house.

Not only is it important for you to be aware of their updated address details, but likewise it's very important that you pass this information on to us.

Up-to-date member details help us provide your employees with the full benefits of their Fund membership. If we lose touch with a member, we can't provide them with updates about their super or send them their super statements.

In addition, if an employee has left your employment, their super account has been inactive for five years and they cannot be contacted via a valid

address, we may be required to transfer the account to the Australian Taxation Office as unclaimed moneys.

So it's important to notify us whenever an employee advises you of a change of address. An easy way to do this is via the next TWUSUPER Contribution Advice that you forward to us.



Need help managing super in your workplace?

TWUSUPER's Business Development Consultants are available to answer your questions about your employees' super. To talk to one of our Business Development Consultants, simply call one of the numbers below.

NSW, ACT: Michael Darmanin

P 02 8893 1238 **M** 0447 668 005
E Michael_Darmanin@twusuper.com.au

VIC, SA, TAS, NT: John Cotter

P 03 9646 8590 **M** 0418 547 742
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