A Brief Guide to Superannuation

Circulated by
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Foreword

More and more, Australians are focussing on the importance of planning and saving for their retirement.

Purchasing the family home remains a key savings goal for many of us, and more of us also are investing in other property and shares. But growth in superannuation coverage and contributions has meant that increasingly superannuation is an important part of retirement planning for millions of Australians.

In fact, Australia's superannuation system has more than doubled in size over the past six years, with funds under management increasing from about $252 billion to $532 billion in March 2002.

The Government strongly supports this savings culture. As the Minister with responsibility for superannuation, I am implementing exciting new initiatives to make saving through superannuation even more attractive. As well, the Government also recently cut the effective rate of capital gains tax and the 2002-03 Intergenerational Report highlighted encouragement of private saving for retirement as a priority, given the ageing of our population.

While as individuals we may have different expectations of our lifestyle in retirement, we all should start thinking about saving for retirement as early as possible. The age pension will continue to provide an income safety net for older Australians, but increasingly retirement income from other sources will supplement it. Therefore, if our savings accumulate over our working lives, we will have a higher income when we retire.

This booklet provides a brief overview of what superannuation is and what is new in superannuation. I hope you find it informative.

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September 2002

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This booklet was prepared in September 2002.

Introduction to super

Superannuation, or ‘super’, is a specially designed long-term investment vehicle for building retirement savings. Super is important to you now because if savings accumulate over our working lives we will have higher incomes when we retire.

While there are other ways of saving for retirement, super is different because it has a compulsory element, is taxed at reduced rates and is not usually available until retirement.

The types of income in retirement

There are three elements to retirement incomes in Australia. These are

- the age pension;
- the compulsory superannuation guarantee system; and
- voluntary savings.

Together they provide a strong foundation for the provision of retirement incomes in an ageing society and are designed to enhance incomes and standards of living in retirement for all Australians.

For many years the Age Pension was the central means of providing retirement incomes for most Australians. However, in the future, the retirement incomes of many Australians will come from super and other savings, supplemented by a part Age Pension.

Since 1992, employers have been required to provide superannuation for their employees, with only a few exceptions. From 1 July 2002, the minimum contribution level is 9 per cent of an employee’s earnings base (generally your normal salary or wage but not including any overtime pay). This is called the superannuation guarantee.

While the 9 per cent super guarantee is a sound base for providing income in retirement, Australians are also encouraged to save additional amounts, either through additional super contributions or other means of saving, such as property investment or investing in shares or financial securities.

In terms of saving more than the super guarantee, some employers make contributions above the prescribed minimum of 9 per cent for their employees. You can also make voluntary member contributions to super from your after-tax income. Such contributions are often called ‘personal contributions’ or ‘undeducted contributions’.

It is also possible to elect to salary sacrifice some wages or salary into super. Salary sacrifice arrangements enable employees to exchange part of their gross (pre-tax) salary in return for their employer contributing the sacrificed amount into super on their behalf. Individual employers can assist with more information.

The legislative framework

Superannuation is governed by certain legislation and regulations. They interact to maintain the integrity and security of the super system.

This legal framework consists mainly of the Superannuation Industry (*Supervision) Act 1993* and its Regulations as well as others such as the Corporations Act, the Income Tax Assessment Acts, the Surcharge Acts, the Superannuation Guarantee Acts, and the Family Law Act.

The legislation and regulations cover areas such as approval of superannuation fund trustees, how super funds operate, what a fund can and can’t invest in, audit provisions, duties of trustees, early release of super benefits and taxation.

How does super work?

Types of super funds

There are two basic types of super funds into which contributions can be made. They are defined benefit funds and accumulation funds. Most funds are now accumulation funds.

In an accumulation fund (sometimes called a "defined contribution fund") your retirement benefit depends on the amount contributed, the period invested and on investment returns. The fund uses your contributions, together with those of other members to invest in a range of assets. This is known as the accumulation phase and members' accounts grow with new contributions and the compounding of earnings (that is, earning interest on interest). The benefit stage is reached when you retire and can access your super.

A defined benefit fund pays a retirement benefit that is fixed, or "defined", by the rules of the fund. For instance, a fund may use a formula to multiply your final average salary (based on the last few years before you retire) by the number of years you have been a member of the fund or the number of years you have worked for your employer. Your fund will be able to help you estimate what you will receive on retirement, assuming you stay with your employer until you retire. The benefit may be a fixed amount of money (a lump – sum) or a lifetime pension.

Super providers

There are also many providers of super.

- Industry funds are run for the employees of a particular industry, although sometimes members working in other industries may join.
- Corporate funds are run by some companies, exclusively for their employees.
- Retail or public offer funds are run for anyone to invest in.
- Public sector funds are run for State and Commonwealth Government employees.

- Self-managed superannuation funds are small funds (fewer than 5 members) which are run by the members, that is, each of the members must be a trustee. No member can be an employee of another member unless they are related.

Some special accounts can hold super money but are not technically super funds.

You can, for example, put super into Retirement Savings Accounts which are offered by banks, building societies, and credit unions. Unlike super funds, they cannot have negative investment returns, but you can take your money out and put it into a super fund when you want to. They suit people with small amounts of super or those nearing retirement and wishing to minimise risk.

The Super Holding Account Reserve is run by the Australian Taxation Office. Employers who cannot find a super fund that will accept small amounts can make their super contributions to the Reserve.

Self managed superannuation funds

Self Managed Superannuation Funds (also called DIY funds) are often attractive to those people who want more direct control over how their superannuation savings are administered. However, they must still be established for the sole purpose of providing benefits to people on their retirement, or to their dependents in the case of a member's death. These funds are generally also still subjected to the same rules that govern other superannuation funds, such as those regarding the preservation of benefits. Self Managed Superannuation Funds are regulated by the Australian Taxation Office.

Fees, charges and invesment returns

Fees and charges

While money is in a super fund, the account will earn investment returns and may attract fees and charges.

Funds have different ways of charging and explaining their fees. They may be a percentage amount, a flat fee, or a combination of the two. You may be charged an entry fee when you join the fund, ongoing fees while your money is in the fund, a fee to switch investment options or a fee to leave the fund. You should look closely at any fees. If you are not sure how some of the fees operate, contact your super fund for more information.

The *Financial Services Reform Act 2001* (FSRA), which commenced on 11 March 2002, provides a harmonised and improved disclosure regime for a wide range of financial products (except shares and debentures). As a result, the disclosure obligations for superannuation funds are consistent with the providers of other financial investment products, such as managed investment schemes. These obligations apply at the point of sale and on an ongoing basis.

Under the new arrangements, relevant funds are obliged to provide a range of information to prospective members in point of sale disclosure documents (ie a Product Disclosure Statement). The information provided is that necessary to allow a retail client to be able to make an informed decision on whether or not to acquire the superannuation product. The information required includes details of fees, charges and other costs associated with the fund.

On an ongoing basis superannuation funds are also required to notify members of any increases in fees and charges 30 days before the change takes effect.

In addition, superannuation funds must also provide members with a periodic statement containing details of any amounts paid by the member, either directly or indirectly, at least annually.

Investment returns

Superannuation earnings also have a large impact on your overall balance. For instance, if you invest $10,000 for twenty-five years at 3 per cent per year, you will have roughly $21,000. However, if you invest the same amount and your return is 5 per cent a year, you will have roughly $34,000. The amount your fund earns will change from year to year, but past performance is not necessarily a guide to future performance.

Superannuation is a long-term investment and needs to be viewed as such. In fact, over the last 30 years Australian superannuation has delivered average returns of over 4 and a half per cent over and above inflation. However, over shorter periods returns can vary. For example, in the 1990's they were high but recently they have been lower.

Taxation

Saving for retirement through superannuation is encouraged by significant taxation benefits. The 2001 Tax Expenditures Statement prepared by Treasury estimates the aggregate size of the tax expenditure for superannuation at $10.3 billion in 2002-03. This is up from $9.5 billion in 2001-02.

Contributions made by an employer and contributions for which you can receive a deduction (for example, if you are self-employed) are taxed at the rate of 15 per cent for low to middle income earners, and 15 per cent plus the superannuation surcharge for higher income earners.

The investment income a fund earns is taxed concessionally at the rate of 15 per cent (which can be further reduced through the use of imputation credits and the capital gains tax discount).

On retirement, superannuation can be taken as a lump sum payment, a pension or a combination of the two.

An individual can take their super benefit as a lump sum, which is taxed at concessional rates up to the lump sum Reasonable Benifit Limit (RBL) of $562,195 for the 2002-03 income year, with the first $112,405 generally tax free. Super contributions made by an individual from money that has already been subject to personal income tax are returned to the member untaxed, and are not counted for RBL purposes.

Retirement income streams are investments, which allow individuals to obtain regular income and capital payments, providing a basis for managing ongoing income and spending patterns. There are various types of income streams (generally pensions or annuities) individuals can choose from upon retirement. These include lifetime, life expectancy and allocated.

Income streams that comply with special rules, such as complying Lifetime and Life Expectancy pensions or annuities receive concessional taxation and social security treatment. This means that they qualify for the more generous pension Reasonable Benefit Limit of $1,124,384 for the 2002-03 income year and are not counted in the age pension assets test. A person must take at least half of their superannuation benefit as a complying lifetime or life expectancy pension in order to qualify for the higher pension RBL.

On the other hand, allocated pensions are assessed against the lump sum RBL.

In the case of super pensions, a 15 per cent rebate is also available for pensions paid from a taxed source for amounts spent on the pension below the relevant RBL. The component of a pension which represents the return of a member's own after tax contributions is not again subject to tax and is not counted for RBL purposes.

The overall effect of these arrangements is to significantly boost the relative attractiveness of super compared to other forms of savings.

Other benefits available to retirees

Older Australians may also be able to access various other benefits upon retirement, provided they meet the relevant eligibility criteria.

For example, an age pension (or part age pension) is available to those above age pension age who meet the income and assets tests. Those in receipt of an age pension are also entitled to a pensioner concession card, which provides benefits such as cheaper prescriptions and discounts on local government rates and various utilities.

Self-funded retirees may be eligible for the Commonwealth Seniors Health Card, which also provides benefits such as a telephone allowance and cheaper prescriptions.

The Senior Australians Tax Offset (SATO) assists older Australians through reducing their tax liability. The SATO is a tax rebate which ensures that single senior Australians can have income up to $20,000 without paying income tax or the Medicare levy. While the rebates phase-out over the income range $20,000 to $37,840 (for singles), taxpayers in this range still pay less tax. Similarly, senior couples can have combined incomes up to $32,612 without paying tax (depending on their income split). For couples, the rebates phase out at combined incomes up to $58,244.

Accessing superannuation

Accessing superannuation on retirement

So that super savings are used for your retirement and not for other reasons, rules have been established to ensure that super is kept for this purpose. This means that, in general, you can only access your super once you have reached the minimum age set by law and have permanently retired from the workforce. This minimum age is known as your 'preservation age'. The table below shows how your preservation age depends on your date of birth.

Your date of birth	Preservation age	Your date of birth	Preservation age
After June 1964	60	July 1961 – June 1962	57
July 1963 – June 1964	59	July 1960 – June 1961	56
July 1962 – June 1963	58	Before July 1960	55

Accessing superannuation prior to retirement

As super savings are designed to be for retirement, they can only be accessed prior to reaching preservation age in very limited circumstances. These circumstances include severe financial hardship or compassionate circumstances. When money is provided on these grounds, it is known as 'early release' of superannuation benefits.

If a person is unable to meet reasonable and immediate family living expenses and has been in receipt of a specified Centrelink benefit for at least 26 continuous weeks, they can apply to fund trustees for early release on severe financial hardship grounds. If an individual satisfies both of the above tests, a trustee may, in any twelve-month period, release to them one gross lump sum payment of no more than $10,000.

Applications for early release of funds on compassionate grounds can be made to the Australian Prudential Regulation Authority. The grounds for compassionate release are quite specific and come under the headings of medical treatment, medical transport, modifications to the home or motor vehicle due to needs arising from severe disability, funeral and palliative care and mortgage assistance. Contact details for the Australian Prudential Regulation Authority can be found at the back of this booklet.

Income in retirement

The amount of income in retirement

Different people have different preferences and expectations as to their desired level of retirement income. In addition, many people will also not have the same level of expenses in retirement compared to during their working lives. For example, the home mortgage may have been paid off or children may have left home.

The adequacy of retirement incomes is often assessed by comparing the ratio of spending power before and after retirement - the so called replacement rate. The basic proposition behind the replacement rate concept is that a person's standard of living in retirement should be a reasonable proportion of their standard of living during their working life.

Analysis undertaken by Treasury indicates that the superannuation guarantee system together with the age pension is expected to provide a spending replacement rate for an individual on median earnings of 72 per cent after 30 years of contributions and 77 per cent after 40 years. These estimates do not take account of superannuation contributions above the superannuation guarantee or of saving that people have outside of superannuation.

Calculation of the replacement rates is based on spending capacity rather than gross income. This takes account of the reduction in average tax rates in retirement and the value of the Senior Australians Tax Offset or the Pension Rebate.

In terms of real spending power, these replacement rates equate to $27,470 and $29,520 a year. In the calculation, future spending is discounted using the Consumer Price Index. As a result living standards before and after retirement are measured in terms of real (after inflation) spending power. This approach also recognises the value of the Government's legislation to index the age pension by wages growth.

Superannuation in different circumstances

Women and super

The superannuation coverage of female employees has risen from less than 80 per cent in 1995 to nearly 90 per cent in 2000.

Several recently announced initiatives will help improve the retirement incomes of women. These initiatives include the Government co-contribution, which matches up to $1,000 of personal superannuation contributions made by eligible low income earners, splitting of superannuation contributions between spouses from 1 July 2003 and allowing recipients of the Baby Bonus to contribute to superannuation even if they have never worked before.

These measures build on the other initiatives which are of particular assistance to women. For example, in 1997 the Government introduced a rebate for superannuation contributions made on behalf of a low income spouse and in 2001 the Government introduced legislation to allow married couples to divide superannuation entitlements upon separation.

Coming to and departing from Australia

Recent amendments to the law now allow certain temporary residents of Australia, such as those on a working holiday, to take their super when they permanently leave Australia (after paying a withholding tax). This will also mean fewer small inactive accounts for funds to manage.

Australia has also negotiated agreements with some other countries relating to superannuation contributions. These agreements ensure that at any time Australians sent to work temporarily overseas, or non residents sent to work temporarily in Australia will only be subject to the superannuation system of their home country.

There are also laws that govern how super transferred from overseas is taxed. Generally, super transferred within six months of becoming a resident does not attract any tax liability. If a transfer occurs outside this six month period, the growth in the account since the person became an Australian resident is subject to tax. The Senate Select Committee on Superannuation recently conducted an inquiry on this matter.

Super benefits payable on death

A trustee of a superannuation fund may pay the benefits of a deceased member to either or both the member's legal personal representative or one or more of the member's dependants. The term "dependant" is defined to include a spouse and any child of the member, whether or not the spouse or child are financially dependent on the member.

Generally, the trustee has discretion, within the constraints of the legislation and regulations, to pay a member's death benefits to the member's dependants. However, if the fund's rules permit, a member may make a binding death benefit nomination in favour of one or more dependants or his or her legal personal representative.

If the nomination is valid according to the SIS Regulations, then the trustee must pay the death benefit in accordance with the nomination. However, not all superannuation funds accept binding death benefit nominations, and each fund's governing rules may impose further restrictions than the SIS Regulations on the trustee's discretion to pay death benefits.

It is also common for pension funds to provide a surviving spouse pension (legal or de facto spouse). This is called a reversionary pension. The level of spouse benefit provided generally ranges between half and two-thirds of the member's pension.

Super and divorce

The law has been amended to allow married couples to split between themselves, on their separation, payments from a superannuation fund in which one of them holds an interest. If they are unable to agree, the Family Court will be able to order a payment split. This measure applies from 28 December 2002.

Investment of super

Investing in different sectors

Often it is said that super funds should invest in particular infrastructure projects, industry sectors, or regions. However, trustees of complying superannuation funds are required to formulate an investment strategy that has regard to the risk and return of the fund's investments, expected cash-flow requirements, diversification and liquidity of investments, and the ability of the fund to discharge its liabilities. Superannuation fund trustees can therefore be expected to consider a wide range of investments in the interests of their members and to maximise returns for a given risk level.

The safety of superannuation

It is important that all Australians have confidence in the safety of their superannuation savings. Accordingly, the Government has established a prudential regulatory framework to increase the safety of superannuation. The Australian Prudential Regulation Authority is responsible for this.

Superannuation operates through a trust structure, and trustees have primary responsibility for ensuring that superannuation savings are prudently invested and managed, fund members are given adequate information on which to base member investment choice decisions, and are kept informed of the nature and performance of the fund's investments. The trustee must also comply with a number of rules. These include rules around what a fund can and can't invest in, and the matters a fund must take into account in formulating and implementing its investment strategy.

The prudential framework does not guarantee against a fund's failure, but rather ensures that appropriate risk management systems are in place to minimise the chance of failure. However, where loss has been a result of fraudulent conduct or theft, the legislation does provide a framework for granting financial assistance, subject to certain conditions. These include that the loss was a result of fraudulent conduct or theft (a conviction is not required), the loss led to a substantial reduction in the fund leading to difficulty in the payment of benefits, and that the public interest requires a grant be made.

To ensure continued confidence in superannuation safety, the Government has established the Superannuation Working Group to examine options to improve the safety framework, including a prudential superannuation license for all trustees, improved fund governance and disclosure measures. The Working Group has finalised its report and the Government is considering its recommendations.

Finding an old super account or combining accounts

Many Australians have a number of super accounts because they have changed jobs. If so, they may be able to be combined. This should make super easier to keep track of and may lower fees and charges. Combining accounts or transferring accounts from one super fund to another is called a ‘rollover’. Your fund can advise if they allow their members to ‘rollover’ their super money and if it involves any fees.

A fund that has not been able to contact a member for two years will add that person’s name to the Lost Member’s Register which the Australian Taxation Office administers. The Australian Taxation Office can be contacted by phone or check its web site to see if you can locate your account.

If someone reaches the age for the pension and their fund still cannot find them, their super normally will be transferred to a state government. In these cases, people can contact the Unclaimed Monies Register in the state where the fund is based.

Help with questions about super

If you have a question about something to do with your super, you should contact your fund. If you think that your employer may not be making contributions on your behalf, contact your employer first. If you still think that your super remains unpaid, contact your super fund and the Australian Taxation Office. Employers who do not make contributions when they should face penalties.

The Superannuation Complaints Tribunal is an independent Tribunal set up by the Government to deal with complaints about super funds and retirement savings accounts. But, before seeking help from the Tribunal, an attempt to resolve the complaint with the super provider must be made.

What's new in Super?

The Government has recently announced a package of initiatives to make super more attractive, more available, more modern and more secure.

More incentives to save

The Government is expanding the incentives to save voluntarily through super.

Government superannuation co-contribution for low-income earners

The Government plans to match the personal contributions of eligible low-income earners, with a maximum co-contribution of $1,000 payable for individuals with assessable income and reportable fringe benefits of up to $20,000 per annum.

Reducing the superannuation surcharge

The Government is committed to reducing the maximum superannuation surcharge rates to 10.5 per cent over three years. The Government will also review the surcharge arrangements after three years to determine whether any further changes are required.

More incentives for the self-employed

Self-employed people do not have an employer to make superannuation contributions on their behalf. Instead, the self-employed are eligible to claim tax deductions for personal superannuation contributions that they make.

The Government has increased the fully deductible amount for superannuation contributions made by the self-employed from $3,000 to $5,000. Contributions above this new, higher fully deductible threshold remain 75% tax deductible with a maximum deduction equal to the taxpayer's age based limit.

Reduction of the tax rate on eligible termination payments

The Government plans to modify the tax treatment of Eligible Termination Payments from superannuation funds to limit the effective overall rate of taxation that applies to the excessive component. The excessive component of an ETP is the portion of the payment that exceeds the taxpayer's Reasonable Benefit Limit.

Super is more available

The Government has made changes to allow more Australians to save for their retirement through investing in superannuation funds.

Increasing the age for personal contributions

This initiative recognises our ageing society by allowing older Australians to contribute to super for longer. Workforce participation at older ages is rising and some people choose to continue working past the age of 70 whilst looking forward to their retirement years. Australians aged between 70 and 75 can now continue to make personal superannuation contributions if they are working at least 10 hours per week.

Superannuation for life

Even children can have a super account. Parents, grandparents, other relatives and friends are now able to make contributions of up to $3,000 per three-year period on behalf of a child to super.

Superannuation from the baby bonus

Recipients of the Baby Bonus will be able to contribute to superannuation, even if they have never worked before. This initiative provides a new mechanism for parents at home caring for children to continue to save for their retirement.

More flexibility, more choice

The Government is modernising the super system so it meets the needs of Australians in different circumstances.

Choice of super fund and portability of super benefits

The Government is committed to giving employees the opportunity to choose the fund that they belong to from 1 July 2004. This will encourage Australians to take an increased interest in their savings for the future. A culture of saving occurs not only through concessional taxation treatment of superannuation but also through measures such as choice that give greater responsibility to the individual.

The Government's portability policy will allow members of accumulation funds to move their existing benefit to another fund from 1 July 2004. This is an important reform as multiple superannuation accounts can diminish retirement savings through unnecessary fees and charges. The competition generated by choice of fund and portability also has the potential to lower fees and charges.

Splitting of superannuation contributions between couples

The Government is also committed to giving financial security in retirement to both parties of a couple. Members of accumulation funds will be able to split their superannuation contributions with a portion being paid into a separate account in their spouse's name. Existing superannuation benefits will not be eligible for splitting.

This will help provide financial security in retirement to both spouses as the receiving spouse will have access to their own Eligible Termination Payment tax-free threshold and Reasonable Benefit Limit. Allowing couples to split superannuation contributions recognises that a partner who works in the home, or is a low-income earner, makes a significant contribution to building a family's assets.

More security

By making super savings safer, the Government helps protect those savings already in super and encourages Australians to save more.

Quarterly Superannuation Guarantee (SG)

The Government has announced that it will require employers to make quarterly superannuation contributions on behalf of their employees. This will not prevent more frequent contributions.

Employees will benefit from increased retirement savings, safer superannuation entitlements, and more timely superannuation guarantee debt recovery action in respect of business insolvencies.

Improving superannuation prudential regulation

The Government is committed to ensuring that the superannuation safety framework is robust and APRA has sufficient resources to do its job. An additional $5.2 million has been provided for APRA to expand its super investigation and enforcement capability. Further, the Government is also examining the recommendations of the Superannuation Working Group into 'Options for Improving the Safety of Superannuation'.

Other measures

Departing temporary residents and superannuation

Some temporary residents who hold or have held an eligible temporary residence visa and have permanently departed Australia can access their superannuation benefits prior to reaching preservation age, subject to paying a withholding tax.

This measure benefits many temporary residents, as well as reducing the compliance burden on superannuation funds administering low balance, inactive accounts. However, the measure does not apply to Australian citizens, permanent residents or New Zealand citizens because although these individuals may leave the country, they retain the option of returning and retiring in Australia, and accessing the age pension.

Growth pensions

The Government is currently examining whether certain market linked income streams, known as growth pensions (sometimes referred to as account-based income streams) should receive concessional tax and social security treatment.

Building on earlier initiatives

Since it came to office, the Government has implemented a number of measures to encourage saving for retirement.

Spouse rebate

In 1997, the Government introduced an 18 per cent rebate for superannuation contributions of up to $3,000 made on behalf of a low-income spouse. This rebate recognised that interrupted careers and fragmented work patterns can inhibit people's capacity to save for their retirement.

Refunding of imputation credits

The Government has made excess imputation credits refundable for dividends paid from 1 July 2000. Prior to this, imputation credits could only be used to offset a tax liability, which meant that they were sometimes 'wasted'. Super funds are a beneficiary of this policy.

Capital gains tax relief on retirement

Many self-employed who own a small business opt to save through their business rather than contribute to super as a means of funding their retirement. In recognition of this, a number of initiatives have been implemented which allow small businesses meeting the eligibility criteria to significantly reduce, or eliminate, their capital gains tax (CGT) liability when selling a small business or part of the business.

For example, a small business can disregard a capital gain when an active asset that has been held continuously for 15 years is sold if the relevant taxpayer is aged 55 or over and retiring or if he or she is incapacitated. Furthermore, a small business can disregard a capital gain where the proceeds of the sale of an asset are used for retirement (up to a lifetime limit of $500,000). More information is available about these CGT concessions from the Australian Taxation Office.

Improved regulation for small superannuation funds.

Self-managed funds are now regulated by the ATO. This recognises that small funds have fewer members and different investment strategies, and concerns to larger funds.

Glossary

Age-based limits

These are the annual limits imposed on the level of superannuation contributions for which employers or the self-employed can claim a tax deduction. The 'age-based limits' depend on your age. For example, for the 2002-03 financial year, for an employee under the age of 35 years, the age-based limit is $12,651, for an employee aged between 35 and 49 years the age-based limit is $35,138 and for an employee over the age of 50 years the age-based limit is $87,141.

Allocated pension or annuity

Allocated pensions and annuities are account-based products, which require regular income payments to be withdrawn until the account is exhausted. They are non-complying, which means that they do not qualify for concessional tax and social security treatment. Generally you can withdraw all or part of your money at any time. Allocated products usually offer a range of investment choices but they provide no guarantee of an income stream for your lifetime.

Complying life expectancy pension or annuity

These income streams are guaranteed to be payable for your life expectancy and receive concessional tax and social security treatment. Generally, you are not able to access the capital invested in them.

Complying lifetime pension or annuity

A complying lifetime income stream is one which is guaranteed to be payable for your lifetime and receives concessional tax and social security treatment. Generally, you are not able to access the capital invested in them.

Who can I contact for more information?

The **Australian Taxation Office (ATO)** helps ensure that employers pay superannuation contributions and that people who lose track of old super accounts can find them again.

- Internet: www.ato.gov.au/super or phone 13 10 20 (local call).

The **Australian Prudential Regulation Authority (APRA)** is the prudential supervisor of super funds.

- Internet: www.apra.gov.au or phone 1300 13 1060.

The **Australian Securities and Investment Commission (ASIC)** is the consumer protection regulator for super funds.

- Internet: www.asic.gov.au or phone 1300 300 630

The **Super Complaints Tribunal** is an independent Tribunal set up by the Government to deal with super-related complaints.

- Internet: www.sct.gov.au or phone 1300 884 114