



ngs super[™]
THE EDUCATED CHOICE

ISSUE 1/2008

NGS SUPER EMPLOYER NEWS



02 ★New SG calculation
★Employer ALERTS!

04 ★New regulations and obligations on financial institutions
★Terminal illness benefits

05 ★School Super Inservices
★Contributions/BPAY

06 ★Investment returns to April 2008

07 ★Financial Literacy Program

08 ★Remaining 2008 NGS Super Seminars



NGS Super: THE EDUCATED CHOICE for your super

New Superannuation Guarantee (SG) calculation rules based on Ordinary Time Earnings (OTE) from 1 July 2008

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From 1 July 2008 all employers must use 'ordinary time earnings' to calculate eligible employees' superannuation guarantee contributions. Under SG legislation, employers are required to contribute a minimum of 9% of an eligible employee's earnings base to a complying superannuation fund or retirement savings account.

Most employers are currently using ordinary time earnings to calculate super guarantee contributions. However, some employers may be using other methods, such as an earnings base outlined in an industrial award or an existing employment agreement, a fund's trust deed or a law of the Commonwealth, States and Territories.

These earnings bases can continue to be used until 30 June 2008 but employers must move to the new method of calculating contributions based on ordinary time earnings after that date.

By removing other bases in calculating SG contributions, a standardised method of calculating superannuation benefits for all eligible employees will enable all employees to be treated the same when determining the super guarantee amount to be paid. The change will also make it easier for employers to comply with their SG obligations.

What is included in ordinary time earnings?

Ordinary time earnings are generally what your employees earn for their ordinary hours of work, including:

- over-award payments
- commissions
- allowances, and
- paid leave.

Employers should understand and evaluate the change to OTE and establish whether they need to adjust their superannuation obligations to comply with the new SG requirements from 1 July 2008. The Australian Taxation Office (ATO) has prepared a checklist on the opposite page which provides further detail to clarify what is included in OTE.

continued next page 



EMPLOYER ALERTS . . .

- NEW PAYG TAX SCALES EFFECTIVE FROM 1 JULY 2008 (2008/09 FINANCIAL YEAR)
- EMPLOYER AND SALARY SACRIFICE CONTRIBUTIONS DUE 28 DAYS AFTER THE END OF EACH FINANCIAL QUARTER
- NEW NGS PENSION PDS (DATED 1 APRIL 2008) NOW AVAILABLE
- GOVERNMENT SUPERANNUATION FACILITY CLEARING HOUSE TO BE ESTABLISHED BY 1 JULY, 2009
- IMMEDIATE TAX-FREE ACCESS TO LUMP SUMS FOR THOSE WITH TERMINAL ILLNESS
- SALARY SACRIFICE CONTRIBUTIONS TO BE INCLUDED IN "INCOME" FOR TAX AND GOVERNMENT SUPPORT PURPOSES FROM 1 JULY 2009
- MONDAY, 30 JUNE 2008, LAST BUSINESS DAY TO BE ELIGIBLE FOR THE 2007 - 2008 GOVERNMENT CO-CONTRIBUTION

New Superannuation Guarantee (SG) calculation rules based on Ordinary Time Earnings (OTE) from 1 July 2008 cont.

CHECKLIST FOR SALARY OR WAGES AND ORDINARY TIME EARNINGS

Payment type	Salary or wages	Ordinary time earnings
Expense allowance that is paid with the expectation that it will be fully expended in producing income (for example, car allowance paid to real estate agents)	No	No
Allowances paid (other than a reimbursement of expenses or expense allowance)	Yes	Yes
Reimbursement of expenses (for example travel costs)	No	No
Bonuses that don't relate to specific performance criteria (for example Christmas bonuses)	Yes	No
Other bonuses	Yes	Yes
Commission	Yes	Yes
Over-award payments	Yes	Yes
Shift loading	Yes	Yes
Overtime	Yes	No
Casual loading	Yes	Yes
Benefits subject to fringe benefits tax (FBT)	No	No
Workers compensation payments, including top-up payments where no work is performed	No	No
Workers compensation payments, including top-up payments, paid by the employer, where work is performed	Yes	Yes
Top-up payments (for example when serving on jury duty or with reserve forces)	Yes	No
Payments when on maternity or paternity leave	Yes	No
Pay for annual holiday leave taken	Yes	Yes
Government wage subsidies (for example Wage Subsidy Scheme allowance)	Yes	Yes
Annual leave loading	Yes	No
Pay for sick leave taken	Yes	Yes
Pay for long service leave taken	Yes	Yes
Accrued annual leave, long service leave and sick leave paid as a lump sum on termination	Yes	No
Payments in lieu of notice	Yes	No
Redundancy payments	Yes	No
Other payments paid by an employer on termination of employment	Yes	No
Director's fees	Yes	Yes
Payments for performance in, or provision of services relating to entertainment, sport, promotions, films, discs, tapes, TV, or radio	Yes	Yes
The labour portion of payments to contractors who are employees for super guarantee purposes	Yes	Yes
Dividends	No	No
Partnership and trust distributions	No	No
Payments for entering into a restraint of trade agreement	No	No
Payments for domestic or private work under 30 hours per week	No	No

What action do I need to take?

1. IDENTIFY WHETHER YOU ARE USING AN EARNINGS BASE OTHER THAN ORDINARY TIME EARNINGS (OTE) TO CALCULATE YOUR SUPER CONTRIBUTIONS. IF THE AMOUNT YOU ARE PAYING IS BELOW THE MINIMUM 9%, YOU WILL HAVE TO ADJUST THE AMOUNT TO THE MINIMUM TO AVOID THE SUPER GUARANTEE CHARGE PENALTY.
2. UPDATE YOUR PAYROLL SYSTEM TO ENSURE THAT YOU CALCULATE THE CORRECT CONTRIBUTIONS ADOPTING THE STANDARD OTE DEFINITION.
3. DETERMINE ANY ADDITIONAL REMUNERATION BUDGET COSTS ASSOCIATED WITH MOVING TO THE OTE METHOD OF CALCULATING SG CONTRIBUTIONS
4. START USING ORDINARY TIME EARNINGS FROM 1 JULY 2008 FOR ALL YOUR EMPLOYEES.

Need more information?

For a more detailed explanation of ordinary time earnings, refer to the ATO Super ruling **SGR 94/4 Superannuation guarantee: Ordinary time earnings** or contact the ATO information line on 13 10 20 between 8.00am and 6.00pm AEST, Monday to Friday or visit www.ato.gov.au/super

Anti-Money Laundering and Counter-Terrorism Financing legislation obligations

The Commonwealth Government recently introduced new regulations and obligations on financial institutions to enable them to assist in detecting and help prevent money laundering and terrorism financing. The Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) legislation applies to persons and entities that provide specified services such as trustees of superannuation funds. The designated services include:

- Accepting a contribution, rollover or transfer in respect of a new or existing member of the fund; and
- Cashing, rolling over, paying a pension benefit, or transferring an interest held by a member of the fund.

Following a number of AML legislative obligations which became effective from 12 December 2007, NGS Administration has introduced new procedures to verify a member's identity before providing a specified designated service. Identification will be required before a member's benefit is cashed or their personal details can be amended (such as when requesting a name change). Normal contributions and the receipt of rollovers are exempt from this requirement.

Employers should provide accurate information when adding a new member to the Fund. When an employee would like to amend any of their personal details held by the Fund,

they will need to provide proof of identification linking documents.

The documents need to be certified as true copies of the original by individuals approved to do so. Members wishing to change their personal details should complete a *Change of Details form* accompanied by the linking documents. The form can be downloaded from our website <www.ngssuper.com.au> or may be requested by contacting Customer Service on 1300 133 177.



Terminal illness benefits



A new condition of release for lump sum payments made in relation to terminal medical conditions was announced by the Federal Government on 15 February 2008.

The new condition of release outlines the meaning of a terminal medical condition to include persons where the following circumstances exist:

- Two registered medical practitioners (with at least one being a specialist practising in the area related to the illness or injury) have certified that the person suffers an illness or has incurred an injury that is likely to result in their death within a 12-month period.

- This certificate, or each of them if there are two, must still be current (the certification period is 12 months or the period to the expected date of death if earlier).

There will also be a formalisation of the tax exemption for lump sum benefits paid to persons who retire terminally ill. Once legislated, the exemption will apply retrospectively to benefits paid from 1 July 2007.

As an interim measure, until the amendments to the tax law are passed by parliament and receive Royal Assent, the Australian Taxation Office has varied the rate of withholding tax to nil for all super lump sum benefits paid to eligible terminally ill members.

Are your staff SUPER smart?

We all know that the new superannuation rules which were initially called "Simpler Super" did not make the understanding of superannuation easier. In fact, many changes were made that your staff may be unfamiliar with.

As the superannuation system matures, it is increasingly important for fund members to fully understand their options and benefits. FOR MOST AUSTRALIANS, SUPERANNUATION IS THEIR SECOND LARGEST INVESTMENT AFTER THE FAMILY HOME. Obtaining a greater appreciation of how the super system operates can ensure staff make informed and appropriate decisions relating to their superannuation before they retire.

Does the employer have any responsibility to assist members to understand superannuation? That is a matter for the school administration to decide, but feedback we receive from employees indicates that they recognise the value of an employer who takes a caring approach to enable them to better understand the benefits offered via super.

A workplace/school is a convenient venue for an NGS representative to present seminars or in-services to Fund members. It only takes a short time to explain the basics of superannuation such as investment options, fees and charges, insurance options, account based pensions and taxation.

NGS Super is proudly supported by the Association of Independent Schools, the Catholic Employers and the Independent Education Union. All of these organisations have places on the Board so there is an opportunity for direct input from the educational bodies.

An NGS Super representative can visit your school to talk about super and provide staff with a basic understanding of superannuation. School seminars can take place during a lunch break, after school or, even better, at a full staff meeting.

To arrange a school visit simply call the NGS representative for your state:

- Mark Terry (NSW): 9273 7900 or mterry@ngssuper.com.au
- Elaine Santos Facchino (SA): 8418 2400 or efacchino@ngssuper.com.au
- John Pedersen (SA): 8418 2400 or jpetersen@ngssuper.com.au
- Laurie Buchanan (Vic): 9811 0502 or lbuchanan@ngssuper.com.au

Now is the perfect time to organise a visit so contact us to arrange a convenient time.



Making member contributions and the introduction of BPAY

The **Federal Government's co-contribution scheme** has proven to be very popular with members who earn less than \$58,980 in taxable earnings and reportable fringe benefits (during the 2007/08 Financial Year).

NGS Super traditionally receives many member voluntary contributions just prior to the end of the financial year from members who wish to access the government super co-contribution.

However, fund members are often unaware of how to make a lump sum contribution into their industry superannuation fund.

Members can download a Lump Sum Payment Form from the "Publications" menu section of the NGS Super website. They should complete this form and include a cheque drawn in favour of NGS Super for the amount of the after-tax contribution. The form and cheque should be posted to:

**NGS SUPER,
PO BOX 2095
MILTON BC QLD 4064.**

Once received the contribution will be placed in the member's account.

Members should be advised that while they can make their contributions at any time during the financial year it is prudent to do this well before the end of June. Members who wait until the very last minute risk the contribution not being received before the 30 June and as a result not gaining the government co-contribution due for that financial year. The lump sum payment form provides further guidance on the limits when making personal after-tax contributions and explains the eligibility criteria for the super co-contribution.

In addition to making a personal contribution by cheque, members may now access a new BPAY facility that has been introduced. This option will allow members to make electronic payments to their account. Members should contact customer service on 1300 133 177 to obtain the NGS BPAY Biller Code and their unique reference number. Payments must be made at least 3 business days prior to 30 June 2008 to ensure the contribution is received prior to the end of the financial year.

Investment returns to 30 April 2008

Large swings in investment returns have characterised this financial year so far! Although economists argue that the fundamentals of the Australian economy remain sound, the market remains volatile due to several factors. **After four years of double digit returns, most super funds' default investment options are likely to experience a negative (or at best, very small positive) return in the 2007 – 2008 financial year.**

The Reserve Bank has increased official interest rates for the 12th time since the last cut in December, 2001. This is in line with its mandate to contain inflation to 2% - 3% per annum. The current official rate stands at 7.25%, resulting in a substantial increase in mortgage interest rates and mortgage repayments and less money available for consumer spending.

The sub-prime lending crisis has also triggered a lack of confidence in international banking systems with a result of overseas money becoming more expensive. This filters through to all aspects of local business putting a damper on economic growth and company profitability.

However, dollar cost averaging can work for the benefit of superannuation contributors as more units can be purchased at lower prices. In this manner regular investors can gain some benefit from turbulent times!

The following two tables represent the NGS returns to 30 April, 2008 for the Accumulation Fund and Pension option. **As superannuation is a long-term investment, it is significant to note the three and five year returns as well as this financial year's returns.**

SUPERANNUATION INVESTMENT RETURNS

NGS Super Investment Option	Month	Quarter	Financial Year to Date	1 Year	3 Years % pa	5 Years % pa
Diversified	1.98%	1.47%	-2.14%	0.48%	11.55%	11.44%
Defensive	0.43%	-0.84%	-1.37%	0.46%	7.65%	7.19%
Shares Plus	3.41%	0.62%	-8.16%	-5.69%	12.65%	13.43%
Australian Shares	3.97%	-0.67%	-8.09%	-5.17%	15.20%	N/A
International Shares	3.77%	0.99%	-10.17%	-8.14%	9.32%	N/A
Green Shares	2.81%	1.01%	-7.70%	-6.05%	12.60%	12.76%
Property	2.79%	2.10%	-0.41%	-0.23%	12.25%	13.52%
Diversified Bonds	0.57%	1.75%	5.35%	5.93%	5.57%	5.71%
Cash	0.38%	1.35%	4.25%	5.19%	5.19%	4.99%
High Growth	2.40%	1.30%	-2.85%	N/A	N/A	N/A
Conservative	1.56%	1.03%	-0.08%	N/A	N/A	N/A

PENSION INVESTMENT RETURNS

NGS Super Investment Option	Month	Quarter	Financial Year to Date	1 Year	3 Years % pa	5 Years % pa
Diversified	2.19%	1.11%	-2.94%	-0.11%	12.56%	12.73%
Defensive	1.03%	0.35%	0.02%	2.07%	9.37%	8.72%
Shares Plus	3.88%	0.70%	-8.57%	-5.99%	13.84%	N/A
Australian Shares	4.22%	-0.12%	-7.81%	-4.89%	16.63%	N/A
International Shares	4.06%	0.78%	-13.55%	-11.42%	9.33%	N/A
Green Shares	3.39%	0.54%	-9.37%	-7.66%	13.94%	N/A
Property	2.36%	1.68%	-0.87%	-0.74%	13.43%	15.23%
Diversified Bonds	0.62%	1.91%	4.15%	4.81%	5.78%	N/A
Cash	0.51%	1.74%	4.83%	5.91%	6.18%	N/A
High Growth	2.71%	1.21%	-3.69%	N/A	N/A	N/A
Conservative	1.54%	0.72%	-0.22%	N/A	N/A	N/A

Financial Literacy Program



Take control of your finances...

NGS has recently introduced a new on-line financial literacy program to the NGS website which can be accessed by members through the Members Login located on the website. This multimedia, interactive set of eleven modules gives members the opportunity to expand their financial knowledge at their own pace. Activities, calculators, games and quizzes are just some of the features that will enable your employees to adapt the learning to meet their own needs and situation. NGS members registered to use the on-line access facility can take a quick tour of a module – modules run for approximately 30 to 60 minutes – and allow the user to come back later to expand their knowledge or bookmark a place so they can return to recommence where they left off.

We expect to expand the program in the future, but right now the modules are:

1. **A plan for life** – deciding on your life goals and how to achieve them.
2. **Managing your money** – deciding on and meeting financial goals.
3. **Superannuation** – the basics explained.
4. **Super choice** – how choice works and what you need to think about.
5. **Simpler super** – the federal budget 2006 changes and how they work.
6. **Sharemarket** – from the basics of owning shares to managing and trading them.
7. **Investments** – good ideas about how to make your money grow.
8. **Retirement and estate planning** – setting and meeting realistic goals, and making sure your money goes where you want it to.
9. **Insurance and risk** – about covering your most important assets, including yourself!
10. **Good debt – bad debt** – getting debt under control and using debt smartly.
11. **Work/life balance** – get your life into shape, as well as your finances.

FOLLOW THESE STEPS

If you haven't already tried the modules, or even had a look around to see what they offer, visit today.

1. Click on Members Login on the NGS Super website <www.ngssuper.com.au>.
2. Enter your NGS Super membership number and PIN.
3. Click on the Select tab, just above your account details.
4. Click on Fund Information, then Special Offers.
5. Click on the Start Course button, and start taking control of your finances.

Forgotten your PIN or need to register for on-line? Just call 1300 133 177 or email administration@ngssuper.com.au for help.

NGS Super seminars - the path to **E N L I G H T E N M E N T**!

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NGS provides ongoing information sessions for members in New South Wales, Victoria, South Australia and the ACT as part of its commitment to enhance their financial literacy. These super seminars are generally held during school holidays and have become increasingly popular as account balances grow and the baby-boomer generation approaches retirement.

There have been significant changes to the superannuation rules and it is important that fund members become familiar with them. The "Better Super" changes were far-reaching in that they contained new tax rules for cashing and for contributing to superannuation. It is also likely that the Labor government will introduce reforms to the current legislation so more member education will be required.

Our seminar evaluation sheets have indicated an overwhelming appreciation of these seminars because of the clarity with which the information is presented. Topics usually include: investment options; taxation of super; NGS insurance; estate planning; and income streams (Transition to Retirement and Account Based Pensions). Members leave the seminars with an improved understanding of superannuation and many go on to access their free financial planning hour with our authorised planner.

The remaining financial planning/wealth creation seminars for this year are as follows:

LOCATION	DATE & TIME
NEW SOUTH WALES	
NEWCASTLE	
RETIREMENT AND FINANCIAL PLANNING SEMINAR	
WESTS LEAGUES CLUB NEW LAMBTON, 88 HOBART ROAD, NEW LAMBTON NSW	TUESDAY, 8 JULY 2008 9:30AM – 12:30PM
PARRAMATTA	
RETIREMENT AND FINANCIAL PLANNING SEMINAR	
PARRAMATTA LEAGUES CLUB 13-15 O'CONNELL STREET, PARRAMATTA NSW	WEDNESDAY, 8 OCTOBER 2008 9:30AM – 12:30PM
SYDNEY	
RETIREMENT AND FINANCIAL PLANNING SEMINAR	
THE ASSOCIATION OF INDEPENDENT SCHOOLS (AIS) LEVEL 3/99 YORK STREET, SYDNEY NSW	WEDNESDAY, 9 JULY 2008 9:30AM – 12:30PM
(AS ABOVE)	THURSDAY, 9 OCTOBER 2008 9:30AM – 12:30PM
AUSTRALIAN CAPITAL TERRITORY	
RETIREMENT AND FINANCIAL PLANNING SEMINAR	
THE BRASSEY HOTEL OF CANBERRA, BELMORE GARDENS AND MACQUARIE STREET, BARTON ACT	WEDNESDAY, 16 JULY 2008 9:30 AM – 12:30 PM
SOUTH AUSTRALIA	
RETIREMENT PLANNING SEMINAR	
ENTERPRISE HOUSE 135 GREENHILL ROAD, UNLEY SA	WEDNESDAY, 9 JULY 2008 10:00 AM – 11:30 AM
(AS ABOVE)	THURSDAY, 2 OCTOBER 2008 6:00 PM – 7:30 PM
VICTORIA	
RETIREMENT PLANNING SEMINAR	
THE PENINSULA SCHOOL WOORALLA DRIVE, MOUNT ELIZA VIC	THURSDAY, 10 JULY 2008 10:00 AM – 11:30 AM
PUNT HILL ESSENDON GRAND 1142 MT ALEXANDER ROAD, ESSENDON VIC	WEDNESDAY, 24 SEPTEMBER 2008 10:00 AM – 11:30 AM

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