www.ngssuper.com.au
1300 133 177

Supplementary Annual Trustee Report

for defined benefit members of the Cuesuper Superannuation Defined Benefits Plan (Cuesuper QTMB – formerly QTCU)

For the year ended 30 June 2012

Your *Annual Trustee Report* from NGS Super consists of two parts:

Part 1:

Annual Trustee Report members contains an update on how your super in NGS Super has performed and provides details about general changes that have impacted on your benefits during the year ended 30 June 2012.

This report is available online at **www.ngssuper.com.au/forms-and-publications/**

Part 2:

This Supplementary Annual Trustee Report to Cuesuper members contains an update on information specific to your section of membership, including how your defined benefits are determined.

Both parts of your *Annual Trustee Report* should be read carefully and kept for future reference.

This Report has been prepared for defined benefit members of the Cuesuper Superannuation Defined Benefits Plan (Cuesuper: QTMB - formerly QTCU*).

Please read this report carefully as it contains information about your benefits in NGS Super.

Accessing your account online

You can receive up-to-date information on your benefits at **www.ngssuper.com.au/login**.

If you require a PIN or assistance with this service, please call our Customer Service Team on **1300 133 177**.

NGS Super – with you for life

If you resign or retire from your current employer, you will remain with NGS Super. Your benefit will transfer to the NGS Super Industry Fund which is an accumulation-style fund.

If you are retiring, you also have the option of transferring to an NGS Super **account-based pension**.

You can obtain information on either of these products by visiting **www.ngssuper.com.au** and view or download a copy of the *Product Disclosure Statement – Member Guide* and the *Product Disclosure Statement – Pension Guide*.

Transition to Retirement Pensions

A **transition to retirement pension** can provide limited access to your retirement funds while you are still working, giving you the opportunity to save tax and boost your super at the same time.

If you are a defined benefit member and you have reached your preservation age (see the NGS Super **Accessing your super fact sheet** available at **www.ngssuper.com.au/forms-and-publications/**) you can transfer your Voluntary Account to our Industry Fund and start a transition to retirement pension. Your defined benefit accounts cannot be transferred unless you receive approval from your Employer and the Trustee. Such a transfer will relinquish any future entitlement you have to a defined benefit and should be carefully considered before any such request is made.

It is recommended that you seek professional advice from a licensed financial planner before making this decision.

How does a transition to retirement pension work?

If you have reached your preservation age (generally age 55), a transition to retirement pension can allow you to take a pension even though you have not retired.

This works in exactly the same manner as an allocated pension except that:

- you cannot access any lump sum withdrawals until you retire, except under restricted conditions
- there are Government rules for the minimum and maximum annual pension payments that can be taken, and
- your payments are drawn down from any non-preserved money (unrestricted or restricted) that you have before any preserved money is used.

Starting a transition to retirement pension is not complicated. Simply read our *Product Disclosure Statement – Pension Guide* (available online at **www.ngssuper.com.au**) and complete the *application form*.

Financial advice recommendation

Before implementing a transition to retirement strategy, we recommend that you obtain financial advice from a qualified financial planner.

In the first instance, you can **call our Customer Service Team on 1300 133 177** for access to our complimentary limited personal advice from one of our qualified financial planners over the telephone.

We can also arrange an appointment for a face-to-face consultation with one of our financial planners in any of our locations around Australia. An NGS Super financial planner is well-qualified to provide retirement and estate planning advice. They recommend strategies rather than products and operate on a fee for service basis only.

*Note:

That during the 2011/2012 reporting period QT Mutual Bank Limited replaced Cuscal Limited as the Principals Employer under the Employers Agreement for Cuesuper participation in NGS Super (Participation Schedule).

Maximum contribution limits for 2012/13

Non-concessional contributions include personal contributions for which members do not claim an income tax deduction. For the financial year 2012/13 the maximum amount which a member can contribute is $150,000.

People under 65 years old may be able to make non-concessional contributions of up to three times their non-concessional contributions cap over a three-year period. This is known as the 'bring-forward' option. The bring-forward cap is three times the non-concessional contributions cap of the first year. For example, if you bring forward your contributions in 2012/13, your total limit over the three years (2012/13, 2013/14 and 2014/15) would be 3 x $150,000 = $450,000. No further non-concessional contributions could then be made until the 2014/15 financial year.

Concessional contributions include employer contributions (including contributions made under a salary sacrifice arrangement) and any personal contributions claimed as a tax deduction by a substantially self-employed person. For the financial year 2012/13 the maximum limit is $25,000.

Important notes:

In the 2012 Federal Budget the government announced that from 1 July 2012, the higher concessional contribution cap for members over the age of 50 will be discontinued. For the next two years, there will be one limit applying to concessional contributions of $25,000 for everyone.

The government has also deferred any indexing of the $25,000 concessional contribution cap until 2014/15. Subsequently, it is proposed that this cap will increase to $30,000. For members who are aged 50 years or older with a super balance of *less* than $500,000, it is proposed that the cap will increase to $55,000.

The government has announced it will provide limited relief for people who exceed the concessional contributions cap by up to $10,000. Rather than pay the additional 31.5% excess contributions tax (in addition to the 15%[1] contributions tax) and have the excess concessional contributions amount included in their non-concessional cap, the excess amount will instead be added to the member's assessable income for the financial year the contributions were made. Therefore, people will now be allowed a one-off opportunity to apply for a refund of their concessional contributions where they have paid amounts in excess of the concessional contributions limit by up to $10,000. This will only apply to those excess contributions made after 1 July 2011 and will only apply in the first year where an individual exceeds their concessional contributions cap by no more than $10,000.

[1] As part of the 2012 Federal Budget, it was also announced that members earning over $300,000 will have the contributions tax on their concessional contributions increased from 15% to 30%. The definition of "income" will include concessional superannuation contributions. Where a member's income excluding their concessional contributions is less than $300,000 and the inclusion of their concessional contributions pushes them over the $300,000 threshold, the reduced tax concession will only apply to that part of the contributions that is in excess of the threshold. "Concessional contributions" will include notional employer contributions for defined benefit fund members.

The measure will not apply to excess concessional contributions as these will remain subject to the excess contributions tax and are effectively taxed at the top marginal tax rate.

Notional Taxed Contributions (NTC)

For defined benefit members, rather than using the actual employer and salary sacrifice contributions made to your defined benefit during a given financial year, Notional Taxed Contribution (NTC) rates are used.

Your NTC is a concessional contribution, so you need to know how much it is to work out how much you can contribute before being subject to the higher tax rates.

Your NTC rate applies only to those contributions made directly to your defined benefit (i.e. the Employer and member compulsory contributions). It does not extend to any additional employer contributions paid to your Employer Additional Account and/or any additional voluntary contributions paid from pre-tax salary to your Voluntary Account – these contributions are calculated outside of the NTC formula. These additional contributions are added to the amount of the NTCs to determine the *total amount* of your concessional contributions.

How your NTC is calculated

NTC% x your super salary at the start of the financial year

Less

1.2 x your compulsory after-tax contributions made over the financial year that fund your defined benefit.

How to work out your own NTC

To use the above formula you need to know:

1. Your defined benefit membership category. This is found on your most recent *Member Statement*.
2. The NTC % applicable to your defined benefit category is: 12%.
3. Your member contribution rate, which depends on your category.
4. Your super salary as per your most recent *Member Statement**. This salary will be reduced for any periods of part-time work during the year (if any).

* If your super salary changes during the year your NTC will also change. You will need to keep track of your NTC where changes to your super salary and concessional contribution rates (e.g. voluntary rates) change.

The above NTC calculation may not apply to you if, during the year:

- you ceased service
- you took leave without pay
- you changed benefit categories
- you became eligible for a late retirement benefit
- you received a benefit greater than the normal benefits provided, or
- the benefits in the Plan are changed.

Examples to determine **concessional** (before tax) contribution limits using NTCs

Example 1

The compulsory contributions which Kerry is required to make toward her defined benefit are paid from **before-tax** salary.

Note: this example assumes there are no other non-concessional contributions being made by the member to another super fund.

Category of membership	QTMB
NTC %	12.0%
Part time percentage	100% (full time)
Super salary at 1 July 2012	$160,000
Member Mandatory contribution rate (paid from **before-tax** salary)	6.35%
Employer Additional (Accumulation) contribution rate	3.0%

For the 2012/13 financial year, the concessional contribution limit is $25,000. Any concessional (**before-tax**) contributions made in that period over $25,000 could be taxed at the highest marginal tax rate.

Employer Additional contributions: **3.0% x $160,000**	$4,800
Notional Taxed contributions: **12.0% x $160,000 *less* (1.2 x $0)**	$19,200

If Kerry's salary and the Employer Additional contributions remain the same during the 2012/13 financial year, then Kerry could make additional Member Voluntary (**before-tax**) contributions up to **$1,000** [$25,000 – ($4,800 + $19,200)].

Because Kerry is close to the $25,000 concessional contribution limit, she has decided not to make any additional voluntary contributions. She also decides she should review her superannuation during the year to ensure that any change in her circumstances (in particular, any salary increase or super on allowances or bonuses) do not cause her to exceed her concessional (**before-tax**) contribution limit. Kerry puts some notes in her diary to remind herself to follow up.

Example 2

The compulsory contributions which Chris is required to make toward his defined benefit are paid from **after-tax** salary.

Note: this example assumes there are no other non-concessional contributions being made by the member to another super fund.

Category of membership	QTMB
NTC %	12.0%
Part time percentage	100% (full time)
Super salary at 1 July 2012	$70,000
Member Mandatory contribution rate (paid from **after-tax** salary)	5.4%
Employer Additional (Accumulation) contribution rate	3.0%

For the 2012/13 financial year, the concessional contribution limit is $25,000. Any concessional (**before-tax**) contributions made in that period over $25,000 could be taxed at the highest marginal tax rate.

Employer Additional contributions: **3.0% x $70,000**	$2,100
Notional Taxed contributions: **12.0% x $70,000** ***less*** **[1.2 x (5.4% x $70,000)]**	$3,864

If Chris' salary and the Employer Additional contributions remain the same during the 2012/13 financial year, then Chris could make additional Member Voluntary (**before-tax**) contributions up to **$19,036** [$25,000 – ($2,100 + $3,864)].

Chris decides to limit his additional **before-tax** voluntary contributions to a maximum of $17,000. He also decides he should review his superannuation during the year to ensure that any change in his circumstances (in particular, any salary increase) does not cause him to exceed his concessional (**before-tax**) contribution limit. Chris puts some notes in his diary to remind himself to follow up.

How the Fund works

The benefits payable depend on which category of membership you belong and when and why you leave NGS Suepr. Your benefit may be based on the accumulation of contributions plus investment earnings or a defined benefit based on a multiple of your salaries near the time of leaving service or a combination of both. The multiple is determined as a percentage (depending on your category of membership) and the number of years of your contributory membership.

Benefits paid from the fund are financed by member and employer contributions together with investment earnings achieved in the Diversified investment option. If a defined benefit member makes any additional/voluntary contributions to the Fund, these contributions together with any rollovers into NGS Super will be credited to a separate sub-account in the member's name and are paid in addition to the defined benefit.

Defined benefit members cannot choose their own investment option. This sub-account is invested in the Diversified investment option – please refer to the NGS Super *Member Guide* dated 1 March 2012 for more information on **Investment Choice**.

The amount your employer contributes to the Fund will vary depending on the actuarial advice received by the Trustee. At least once every three years the Fund Actuary prepares a valuation that states how much your employer is required to contribute in order to ensure sufficient assets are available to pay benefits now and in the future.

The Fund Actuary also undertakes a short review to ensure the financial position of the Fund remains on track between full valuations.

As at 30 June 2012 the employers were contributing in line with the actuary's recommendations and the Plan was in a satisfactory financial position.

Statement of financial position

	30 June 2012 ($ amount)	30 June 2011 ($ amount)
Net assets transferred at beginning of year	13,023,487	13,084,738*
Revenue		
Net investment revenue	(246,321)	(218,471)
Member contributions	57,384	62,817
Employer contributions	594,254	123,650
Rollovers and transfers in	118,770	–
Total revenue	524,087	(32,004)
Less expenditure		
Benefits paid	(906,505)	(6,991)
Insurance policy premiums	(34,764)	(7,659)
Contributions tax & surcharge	(72,227)	(13,979)
Administration costs	(196,665)	(618)
Total expenses	(1,210,161)	(29,247)
Net revenue after income tax	686,074	(61,251)
Net assets at end of period	**12,337,413**	**13,023,487**

*This amount includes the final assets transferred from the former fund.

This information has been prepared on a cash basis with some accruals and reallocations. That is, it does not allow for any accruals such as outstanding contributions or benefits due as at the start or end of year.

The financial information contained in this report for Cuesuper members has not been individually audited, however this information does form part of the full financial statements for NGS Super. The *Annual Trustee Report to members (Part 1)* provides details of the full financial statements for NGS Super (refer to **www.ngssuper.com.au/forms-and-publications/**).

You can request a copy of the full audited accounts and the auditor's report by contacting the NGS Super Customer Service Team.

Cuesuper representation – NGS Super Board

NGS Super is governed by a corporate Trustee, 'NGS Super Pty Limited'. The Trustee is responsible for ensuring that the benefits for members of NGS Super, including members of the former Cuesuper fund are protected.

During the merger discussions with NGS Super, agreement was reached to ensure that two Cuesuper Trustee Directors (one representing Employers and one representing Members) would assume roles within the NGS Super governance structure up until 30 June 2014. The two representatives will continue to represent your interests in the merged entity with Andrew Blyth and Tom Taylor acting as advisors to the NGS Trustee Board. Additionally, Andrew Blyth will be a voting member of the NGS Super Risk Audit Finance & Compliance Committee and Tom Taylor will be a voting member of the NGS Super Investment Committee.

Fees and charges that apply to your super

The fees and charges of NGS Super are set out on page 5 of the NGS Super *Member Guide* dated 1 March 2012. A copy of this *Member Guide* is available online at **www.ngssuper.com.au/forms-and-publications/**. From here you can select the 'Product Disclosure Statement' tab. You can also refer to the *NGS Super Transfer Guide* which was issued to all former Cuesuper members in March 2011.

How to calculate your benefits

Please note that the following details do not constitute a Product Disclosure Statement. For a full description of the method of calculating your benefits, you should refer to your Fund documentation. You should refer to the NGS Super *Transfer Guide* for details of the terms and conditions of your death and disablement benefits. If you have additional insurance cover in place with NGS Super, you should refer to the documentation you received when you applied for this cover.

In brief, the benefits shown on your *Member Statement* were calculated as follows:

Contributions

You are required to make contributions of 5.4% from your after-tax salary or 6.35% from your pre-tax salary. These contributions are credited to your **Member Mandatory Account**. Any additional voluntary contributions you make are credited to your **Member Additional Account**.

Your employer pays contributions as required by the actuary. Contributions are allocated to other accounts as follows:

Employer Additional Account – For wages employees that have elected to receive their 3% accumulation employer contributions to Cuesuper, those contributions are credited to this account. 9% of any allowances or bonuses that super is required to be paid on are also credited to this account.

Some useful definitions

Your **final average salary** is the average of your salary at the date your benefit is calculated and your salary on the same date in each of the preceding two years, provided that the average is at least equal to your salary at age 55

Your **accrued retirement benefit multiple** is calculated using 18% for each complete year and month of **membership**.

Withdrawal benefit before age 55

Your benefit is determined as the greater of:

a) your Member Mandatory Account

and

b) your accrued retirement benefit multiple based on your years and months of service to the date of leaving service

Multiplied by your salary at the date of leaving service

Multiplied by your discount factor

Plus

- your Member Additional Account
- your Employer Additional Account
- your Rollover/Transfer In Account

Less

- your Surcharge Account.

Notes:

1. Your defined benefit will be adjusted for any period of part time service.
2. Your total benefit is subject to a minimum being the statutory minimum benefit payable under superannuation guarantee legislation.

Retirement benefit from age 55–70

Your benefit is determined as your accrued retirement benefit multiple based on your years and months of **service** to the date of leaving service:

Multiplied by the greater of

i) your 'final average salary'at your retirement date, or

ii) the annual salary that applied on your 55^{th} birthday

Plus

- your Member Additional Account
- your Employer Additional Account
- your Rollover/Transfer In Account

Less

- your Surcharge Account.

Notes:

1. Your defined benefit will be adjusted for any period of part time service.
2. Your **final average salary** is determined as the average of your:
   i) annual salary that applies on your retirement date, and
   ii) the annual salary on the same date in each of the preceding two years.
3. Your total benefit is subject to a minimum being the statutory minimum benefit payable under superannuation guarantee legislation.

Retirement benefit after age 70

At age 70, your benefit will be calculated in the same way as it is calculated for your retirement benefit from age 55-70 (as above). After age 70, your defined benefit will accrue with investment returns only.

Death and Total & Permanent Disablement (TPD) benefit

Your death and TPD benefit is equal to your projected defined benefit at age 65:

Plus

- your Member Additional Account
- your Employer Additional Account
- your Rollover/Transfer In Account

Less

- your Surcharge Account (if any).

Your projected defined benefit

Your projected defined benefit is determined as your accrued retirement benefit multiple based on your years and months of **membership**, to age 65

Multiplied by your final average salary assuming that your salary at the date of death/TPD remained unchanged to age 65.

Notes:

1. Your defined benefit will be adjusted for any period of part-time service.
2. Your death benefit after age 65 is the same as your retirement benefit.

Your Income Protection benefit

Income protection (IP) benefits replace some of your income if you are under age 65 and can't work because you are sick or have been injured.

IP cover features:

- Waiting period before payment commences: 90 days
- Payment period: Up to two years

  Payments will cease on return to work.

If you have Income Protection, your monthly benefit will be up to 75% of your monthly pre-disability income (subject to any maximum limits that apply). The monthly benefit you receive will be based on your pre-disability income and whether you are receiving income from other sources. The insurer requires monthly progress reports while you receive payments. You may also need to provide medical evidence and undergo any examinations that the insurer requires.

Up to 10% of your monthly pre-disability income will also be paid to your Cuesuper account to finance your super benefits including your Member Mandatory contributions.

Are your contact details up-to-date?

To receive updates on your super, remember to let us know if you change your address or your employer.

It's easy to update your details, simply login to your online account at **www.ngssuper.com.au** and change your details online. If you don't already have a PIN, you can register for one online. Alternatively, you can call our Customer Service Team and we'll do it for you.

How to contact us

Visit our website **www.ngssuper.com.au** or contact our Customer Service Team or your local Client Relationship Manager at any time. We're here to help you.

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Important information

This is general information only – it does not take into account your objectives, financial situation or needs. Please assess your own financial situation, read the *Product Disclosure Statement* dated 1 March 2012 for any product you may be thinking of acquiring and consider seeking professional advice before acting on this information.

Issued by NGS Super Pty Limited ABN 46 003 491 487 AFSL No 233 154 the Trustee of NGS Super ABN 73 549 180 515

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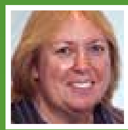
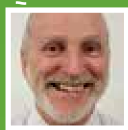


Dee Duke

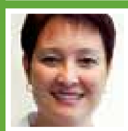
Jorjet Issavi

Sinead McKechnie

Queensland



Neil Kent



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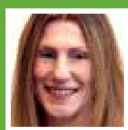
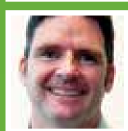


Elaine Santos



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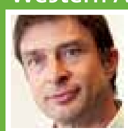

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