

# SUPPLEMENTARY ANNUAL TRUSTEE REPORT 2018

for defined benefit members of the Penleigh and  
Essendon Grammar School (PEGS) Superannuation Plan

FOR THE YEAR ENDED 30 JUNE 2018

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

## Part 1:

**Annual Trustee Report** to 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 2018.

This report is available online at [www.ngssuper.com.au/annualreport](http://www.ngssuper.com.au/annualreport)

## Part 2:

This **Supplementary Annual Trustee Report** to PEGS 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.

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This Report has been prepared for PEGS defined benefit members.

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

## 1. Accessing your account online

You can view up-to-date information on your benefits by logging into **Member Online** at [www.ngssuper.com.au/MOL](http://www.ngssuper.com.au/MOL)

If you require a PIN or assistance with this service, please call us on **1300 133 177**.

## 2. 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 an NGS *Accumulation account* and will be invested in our Cash and Term Deposits investment option.

Your new employer will be able to contribute into your *NGS Accumulation account* and you will be able to access your benefit once you meet a condition of release.

If you are retiring, you will have the option of opening an NGS *Income account* giving you flexible payment options during your retirement. Please refer to section 4 for details of the maximum amount that you can transfer into the retirement phase of super.

It is important to note that once you leave employment, your benefit will be subject to fluctuations in investment markets. This means you bear the risk that your super benefit could be lower if financial markets drop. You can obtain information on our *Accumulation and Income accounts* by visiting [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds)

## 3. Transition to retirement

A **Transition to retirement (TTR)** account can provide you with 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, you can transfer your *Additional Account* to an NGS *TTR account* and start a transition to retirement income stream. For more details on TTR please read our **Transition to Retirement Guide** and **fact sheet Transition to Retirement** available at [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds). 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. We offer low-cost personal advice through NGS Financial Planning. To make an appointment phone us or complete the **Financial planning enquiry form** on our website at [www.ngssuper.com.au/financial-planning](http://www.ngssuper.com.au/financial-planning)

### How does a Transition to retirement account work?

If you have reached your preservation age (now age 57<sup>1</sup>, but moving up to age 60 for those born after 30 June 1964), a *Transition to Retirement account* can allow you to take an income even though you have not retired.

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

- investment earnings **are** taxed
- 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.

For more details and to commence a *Transition to Retirement account* read our **Product Disclosure Statement (PDS)** and **Transition to Retirement Guide** at [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds) 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 us 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 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.

<sup>1</sup> If you were born between 1 July 1961 and 30 June 1962 your preservation age will be 57. If you were born after this time, your preservation age will be different. See our fact sheet **Gaining access to your super** available at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS) for more details.

## 4. The \$1.6 million transfer balance cap

A transfer balance cap (currently \$1.6 million) is applied on the amount you can transfer into the retirement phase of super for which you receive tax-free investment earnings, **such as the NGS Income account**. All individuals have their own transfer balance cap.

The transfer balance cap applies to all super you have invested in the retirement phase. Super transferred into the retirement phase prior to 1 July 2017 was assessed on 1 July 2017. Super transferred since then, will be assessed at the time the *Income account* commenced.

The transfer balance cap will be indexed in line with the consumer price index (CPI), rounded down to the nearest \$100,000. If, at any time, you meet or exceed your cap, you will not be entitled to indexation. You can continue to make multiple transfers into the retirement phase as long as you remain below the cap.

If you exceed your transfer balance cap, you may have to:

- transfer the excess amount back into your *Accumulation account* or take a lump sum payment, and
- pay tax on the notional earnings related to that excess.

If the amount in your retirement phase account grows over time (through investment earnings) to more than \$1.6 million, you won't exceed your cap. If the amount in your retirement phase account goes down over time, you can't 'top it up' if you have already used all of your cap space.

Further details can be found at [www.ato.gov.au](http://www.ato.gov.au)

<sup>2</sup> The definition of 'combined' income includes concessional contributions and reportable fringe benefits. Where a member's income excluding their concessional contributions is less than \$250,000 and the inclusion of their concessional contributions pushes them over the \$250,000 threshold, the 30% tax rate will only apply to that part of the contributions that is in excess of the threshold. 'Concessional contributions' will include 'defined benefit contributions'.

## 5. The \$1.6 million total superannuation balance

Your total superannuation balance is calculated at the end of the previous financial year and is relevant when working out your eligibility on contributions for the next financial year for:

- carry-forward concessional contributions
- non-concessional contributions cap and the bring forward of your non-concessional contributions cap
- government co-contributions
- spouse tax offset.

Your total superannuation balance at a particular time for the accumulation phase, is the value of all your super interests that are not in the retirement phase. This is the total amount of all benefits that would become payable if you voluntarily ceased the interest at that time.

Further details can be found at [www.ato.gov.au](http://www.ato.gov.au)

## 6. Maximum contribution limits

There are limits (caps) that apply to the amount of contributions that can be made to superannuation. If you exceed the cap, excess tax is payable on the excess amount.

**Concessional (before-tax) contributions** include:

- employer contributions
- salary sacrifice contributions
- any personal contributions for which you claim a tax deduction.

Your age and you meeting the work test, may impact your ability to make concessional contributions. See our fact sheet **Opportunities and limits for super contributions** for more details.

Tax rate	Details
<b>Before-tax (concessional)</b>	
<ul style="list-style-type: none"> <li>▪ 15% if you earn less than \$250,000 or</li> <li>▪ 30% if you earn more than \$250,000<sup>2</sup> (this is referred to as Division 293 tax – see <i>Tax for high income earners</i> on page 10 of our fact sheet <b>Fees, Costs and Tax</b>).</li> </ul>	<p>You can contribute up to \$25,000 to your super from your before-tax income.</p> <p>You will be able to carry-forward unused concessional contributions (see note below).</p>
<p><b>Excess contributions (above your cap)</b></p> <p>All excess contributions will include an interest charge and will be:</p> <ul style="list-style-type: none"> <li>▪ included as taxable income, and</li> <li>▪ taxed at your marginal tax rate (including the Medicare levy) less the 15% tax already paid.</li> </ul>	<p>If you exceed the limit, you can choose:</p> <ul style="list-style-type: none"> <li>▪ to withdraw up to 85% of your excess contributions from your account or</li> <li>▪ leave it in your super account and it will count towards your after-tax contributions cap.</li> </ul>
<p><b>Carry-forward any unused concessional contributions cap</b></p> <p>From 1 July 2018, you will be able to 'carry-forward' any unused amount of your concessional contributions cap if you:</p> <ul style="list-style-type: none"> <li>▪ have a Total Superannuation Balance of less than \$500,000 on 30 June of the previous financial year, and</li> <li>▪ are eligible to make concessional contributions.</li> </ul> <p>The first year you will be able to access a higher concessional contributions cap (taking advantage of your unused portion for the previous year) is 2019/20. You will be able to access your unused concessional contributions cap on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire.</p>	

Please refer to Section 8, Notional Taxed Contributions, for details of how testing against the concessional contribution limit works for defined benefit members.

**Non-concessional (after-tax) contributions** include:

- personal contributions where you do not claim an income tax deduction
- spouse contributions, and
- any excess concessional contributions unless these are refunded.

Tax rate	Details
<b>After-tax (non-concessional)</b>	
Nil up to your cap	<p>The annual cap is:</p> <ul style="list-style-type: none"> <li>▪ \$100,000 p.a. provided your Total Super Balance is less than \$1.6m, or</li> <li>▪ \$300,000 over a three-year period using the bring-forward<sup>3</sup> rule if you are under age 65 and eligible, or</li> <li>▪ \$Nil where your Total Super Balance as at 30 June the previous year is greater than \$1.6m. An after-tax contribution received will be treated as an excess contribution.</li> </ul>
<b>Excess contributions (above your cap)</b>	If you exceed the limit you can choose:
If withdrawn from super:	<ul style="list-style-type: none"> <li>▪ to withdraw from super</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>▪ leave it in your super account.</li> </ul>
<ul style="list-style-type: none"> <li>▪ no additional tax on the contribution; and</li> <li>▪ 85% of the associated earnings will also be withdrawn and taxed at your personal rate of tax less a 15% tax offset.</li> </ul>	
If left in super	
<ul style="list-style-type: none"> <li>▪ taxed at 47% (including medicare levy).</li> </ul>	

## 7. Superannuation Guarantee (SG) and your benefit

Your employer must contribute a minimum of 9.5% of your ordinary time earnings (OTE)<sup>4</sup> up to the maximum contributions base (\$216,120 for the 2018/19 year) into a complying superannuation fund.

However, because you are a defined benefit member, the employer does not have to actually make these contributions, but instead, the benefit being earned must be at least equivalent to the value of these SG contributions (SG minimum benefit), as determined by the actuary.

The required SG contribution rate is proposed to rise from 9.5% to 12% of OTE by 1 July 2025 as shown in the following table.

Year (commencing 1 July)	Rate (%)
2021	10.0
2022	10.5
2023	11.0
2024	11.5
2025	12.0

As a defined benefit member, your benefits are calculated as shown in section 15 of this report. As mentioned, your benefit must be at least equal to the SG minimum benefit, which is determined in accordance with a certificate produced by the actuary. To ensure you receive at least the SG minimum benefit when you leave NGS Super, we keep a separate record of this benefit. For most members, the benefit available under the Plan is significantly higher than the SG minimum.

<sup>3</sup> If your Total Super Balance (across all your super funds) at 30 June is \$1.6 million or more, you cannot make any after-tax contributions. If your total super balance is more than \$1.4m and less than \$1.6m, your bring-forward amount is the difference between your balance and \$1.6m.

<sup>4</sup> Ordinary time earnings (OTE) – more information is available from the Australian Taxation Office (ATO) at [www.ato.gov.au](http://www.ato.gov.au)

## 8. Notional Taxed Contributions (NTC)

Each year all superannuation providers report to the ATO all concessional contributions received during the year. Based on this information as well as information from your income tax return, the ATO will assess if your total concessional and non-concessional contributions are in excess of the maximum limits. Refer to section 6, Maximum contribution limits, for details of the treatment of excess contributions.

You should be aware that it is not NGS Super's responsibility to determine whether or not you have exceeded the contribution limits. You should carefully monitor your concessional contributions to avoid exceeding the limits.

To test against the concessional contribution limit, 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 the higher tax rates apply.

Your NTC is only in respect of your defined benefit. It does not extend to:

- any employer contributions paid to your *Accumulation account* and/or
- any additional voluntary contributions paid from pre-tax salary to your *Additional Voluntary Account*

as these contributions are outside of the NTC formula.

Your total concessional contributions are the sum of your:

- NTC amount; and
- any additional concessional contributions.

### How your NTC is calculated

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

#### Less

1.2 x your compulsory contributions, **if paid from after-tax salary** made over the financial year to fund your defined benefit.

Provided you meet certain conditions, the NTC is capped at the maximum concessional contribution limit when reporting to the ATO (except for Division 293 tax purposes<sup>5</sup>).

### How to work out your own NTC

To use the above formula you need to know:

NTC calculation details	
<b>You defined benefit membership category</b>	Category PEGS:1 (Executives) Category PEGS:2 (Staff) This is found on your most recent <i>Member Statement</i> which you can access through <b>Member Online</b> at <a href="http://www.ngssuper.com.au/MOL">www.ngssuper.com.au/MOL</a>
<b>NTC% applicable to your defined benefit membership category</b>	Category PEGS:1 (Executives) <b>12.0%</b> Category PEGS:2 (Staff) <b>10.8%</b>
<b>Your super salary as per your most recent Member Statement</b>	This salary should be reduced for any periods of part-time work during the year (if any). The NTC calculation may not apply to you if, during the year: <ul style="list-style-type: none"> <li>you ceased service</li> <li>you took leave without pay</li> <li>you changed benefit categories</li> <li>you became eligible for a late retirement benefit</li> <li>you received a benefit greater than the normal benefits provided, or</li> <li>the benefits in the Plan are changed.</li> </ul>
<b>Your Member (mandatory) contribution rate</b>	<ul style="list-style-type: none"> <li>If paid from <b>before-tax</b> salary <b>6.18%</b></li> <li>If paid from <b>after-tax</b> salary <b>5.25%</b></li> </ul>
<b>Your Productivity contribution rate</b>	Up to your normal retirement age: <ul style="list-style-type: none"> <li>3% of your salary (if paid into your NGS account<sup>6</sup>), plus</li> <li>9.50% of any allowances or bonuses.</li> </ul> After your normal retirement age, your employer will contribute the greater of: <ul style="list-style-type: none"> <li>10% of your salary, or</li> <li>the mandated Superannuation Guarantee rate.</li> </ul>

### How to calculate your available additional Member voluntary contributions without exceeding the cap

#### Concessional cap currently \$25,000 – (Productivity contributions + NTC)

Where Productivity contributions = Productivity contribution rate x your super salary.

Where NTC = (NTC% x your super salary) – (1.2 x Member Mandatory rate if paid from after-tax salary x your super salary).

<sup>5</sup> Members earning a 'combined' income of over \$250,000 p.a. are subject to an additional tax of 15% on concessional contributions. This is referred to as Division 293 tax. The definition of 'combined' income includes concessional contributions and reportable fringe benefits. Where a member's income excluding their concessional contributions is less than \$250,000 and the inclusion of their concessional contributions pushes them over the \$250,000 threshold, the 30% tax rate will only apply to that part of the contributions that is in excess of the threshold.

<sup>6</sup> If this is paid to another superannuation fund, this will still count toward your NTC.

## 9. Examples to determine concessional (before-tax) contribution limits using NTCs:

### For Executives (Category PEGS 1)

#### Example 1 – Member Mandatory paid from before-tax salary

Laura is age 45. The compulsory contributions which Laura is required to make toward her defined benefit are paid from **before-tax** salary.

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

Category of membership	<b>PEGS: 1</b>
NTC %	<b>12.0%</b>
Part time percentage	<b>100% (full time)</b>
Super salary at 1 July 2018	<b>\$165,000</b>
Member Mandatory contribution rate (paid from <b>before-tax</b> salary)	<b>6.18%</b>
Productivity contribution rate	<b>3.0%</b>

For the 2018/19 financial year the concessional contribution limit is \$25,000. Any concessional (**before-tax**) contributions made in the year over \$25,000 may be taxed at your marginal tax rate (see section 6 for details).

#### How to calculate your available additional Member voluntary contributions without exceeding the cap

##### Concessional cap currently \$25,000 – (Productivity contributions + NTC)

Productivity contributions: <b>3.0% x \$165,000</b>	<b>\$4,950</b>
Notional Taxed contributions (NTC): <b>12.0% x \$165,000 less (1.2 x \$0)</b>	<b>\$19,800</b>
Available additional Member voluntary ( <b>before-tax</b> ) contributions: \$25,000 – (Productivity contributions + NTC)	<b>\$250</b>

#### Example 2 – Member Mandatory paid from after-tax salary

Andrew is age 52. The compulsory contributions which Andrew is required to make toward his defined benefit are paid from **after-tax** salary.

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

Category of membership	<b>PEGS: 1</b>
NTC %	<b>12.0%</b>
Part time percentage	<b>100% (full time)</b>
Super salary at 1 July 2018	<b>\$90,000</b>
Member Mandatory contribution rate (paid from <b>after-tax</b> salary)	<b>5.25%</b>
Productivity contribution rate	<b>3.0%</b>

For the 2018/19 financial year the concessional contribution limit is \$25,000. Any concessional (**before-tax**) contributions made in the year over \$25,000 may be taxed at the member's marginal tax rate (see section 6 for details).

#### How to calculate your available additional Member voluntary contributions without exceeding the cap

##### Concessional cap currently \$25,000 – (Productivity contributions + NTC)

Productivity contributions: <b>3.0% x \$90,000</b>	<b>\$2,700</b>
Notional Taxed contributions: <b>12.0% x \$90,000 less [1.2 x (5.25% x \$90,000)]</b>	<b>\$5,130</b>
Available additional Member voluntary ( <b>before-tax</b> ) contributions: \$25,000 – (Productivity contributions + NTC)	<b>\$17,170</b>

If Laura's salary (and hence the Productivity contributions) remains the same during the 2018/19 financial year, then Laura could make additional Member Voluntary (**before-tax**) contributions up to **\$250** [\$25,000 – (\$4,950 + \$19,800)] without incurring additional concessional contributions tax.

Because Laura 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. Laura puts some notes in her smartphone to remind herself to follow up.

If Andrew's salary (and hence the Productivity contributions) remain the same during the 2018/19 financial year, then Andrew could make additional Member Voluntary (**before-tax**) contributions up to **\$17,170** [\$25,000 – (\$2,700 + \$5,130)].

Andrew decides to contact his payroll department to start paying **before-tax** voluntary contributions. Andrew nominates 7% of his salary as this will allow him to top-up his super savings by \$6,300 p.a. He also decides to review his superannuation during the year to see if he can afford to pay a lump sum contribution from his before tax salary. Andrew will ensure that these additional payments together with any change in his circumstances (in particular, any salary increase or super on allowances or bonuses) does not cause him to exceed his concessional (**before-tax**) contribution limit. Andrew puts some notes in his electronic diary to remind himself to follow up.



## 10. Examples to determine concessional (before-tax) contribution limits using NTCs:

### For Staff (Category PEGS 2)

#### Example 1 – Member Mandatory paid from before-tax salary

Kathy is age 43. The compulsory contributions which Kathy is required to make toward her defined benefit are paid from **before-tax** salary.

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

Category of membership	<b>PEGS: 2</b>
NTC %	<b>10.8%</b>
Part time percentage	<b>100% (full time)</b>
Super salary at 1 July 2018	<b>\$160,000</b>
Member Mandatory contribution rate (paid from <b>before-tax</b> salary)	<b>6.18%</b>
Productivity contribution rate	<b>3.0%</b>

For the 2018/19 financial year the concessional contribution limit is \$25,000. Any concessional (**before-tax**) contributions made in the year over \$25,000 may be taxed at the member's marginal tax rate (see section 6 for details).

#### How to calculate your available additional Member voluntary contributions without exceeding the cap

**Concessional cap currently \$25,000 – (Productivity contributions + NTC)**

Productivity contributions: <b>3.0% x \$160,000</b>	<b>\$4,800</b>
Notional Taxed contributions: <b>10.8% x \$160,000 less (1.2 x \$0)</b>	<b>\$17,280</b>
Available additional Member voluntary ( <b>before-tax</b> ) contributions: \$25,000 – Productivity contributions and NTC	<b>\$2,920</b>

#### Example 2 – Member Mandatory paid from after-tax salary

Darryn is age 50. The compulsory contributions which Darryn is required to make toward his defined benefit are paid from **after-tax** salary.

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

Category of membership	<b>PEGS: 2</b>
NTC %	<b>10.8%</b>
Part time percentage	<b>100% (full time)</b>
Super salary at 1 July 2018	<b>\$75,000</b>
Member Mandatory contribution rate (paid from <b>after-tax</b> salary)	<b>5.25%</b>
Productivity contribution rate	<b>3.0%</b>

For the 2018/19 financial year the concessional contribution limit is \$25,000. Any concessional (**before-tax**) contributions made in the year over \$25,000 may be taxed at the member's marginal tax rate (see section 6 for details).

#### How to calculate your available additional Member voluntary contributions without exceeding the cap

**Concessional cap currently \$25,000 – (Productivity contributions + NTC)**

Productivity contributions: <b>3.0% x \$75,000</b>	<b>\$2,250</b>
Notional Taxed contributions: <b>10.8% x \$75,000 less [1.2 x (5.25% x \$75,000)]</b>	<b>\$3,375</b>
Available additional Member voluntary ( <b>before-tax</b> ) contributions: \$25,000 – Productivity contributions and NTC	<b>\$19,375</b>

If Kathy's salary (and hence the Productivity contributions) remains the same during the 2018/19 financial year, then Kathy could make additional Member Voluntary (**before-tax**) contributions up to **\$2,920** [\$25,000 – (\$4,800 + \$17,280)] without incurring additional concessional contributions tax.

Kathy decides to contact her payroll department to start paying **before-tax** voluntary contributions. Kathy nominates 1.5% of her salary as this will allow her to top-up her super savings by \$2,400 p.a. Because these additional contributions will take Kathy's total contributions close to the \$25,000 concessional contribution limit, she will 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) does not cause her to exceed her concessional (**before-tax**) contribution limit. Kathy puts some notes in her smartphone to remind herself to follow up.

If Darryn's salary (and hence the Productivity contributions) remains the same during the 2018/19 financial year, then Darryn could make additional Member Voluntary (**before-tax**) contributions up to **\$19,375** [\$25,000 – (\$2,250 + \$3,375)].

Darryn decides to contact his payroll department to start paying **before tax** voluntary contributions. Darryn nominates 10% of his salary as this will allow him to top-up his super savings by \$7,500 p.a. Darryn is aware that he can contribute more however, he is mindful as to what he can afford. Darryn decides he will review his superannuation during the year to see if he can afford to increase his additional contributions or perhaps contribute a lump sum payment from his **before tax** salary. He will of course need to ensure that any change in his circumstances (in particular, any salary increase or super on allowances or bonuses) does not cause him to exceed his concessional (**before-tax**) contribution limit. Darryn puts some notes in his electronic diary to remind himself to follow up.

## 11. How the Fund works

NGS Super provides you with a defined benefit which is based on a multiple of your final average salary. The multiple is determined using

- 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 contributions
- employer contributions, and
- investment earnings.

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 quarterly to ensure the financial position of the Fund remains on track between full valuations.

In the actuarial valuation of the Plan as at 30 June 2017, the Plan Actuary recommended that due to the level of surplus assets in the Plan, Productivity Contributions be paid from these surplus assets. As at 30 June 2018 the employer was contributing in line with the actuary's recommendations and the Plan was in a satisfactory financial position.

Further details can be found in the below tables.

Defined benefit accounts	
Member Mandatory account	
<ul style="list-style-type: none"> <li>▪ 6.18% from your before-tax salary, or</li> <li>▪ 5.25% from your after-tax salary.</li> </ul>	

Additional accounts (sub account in the NGS Accumulation account with member investment choice <sup>6</sup> )		
Voluntary accounts		
Member Additional (voluntary) account	Productivity account	Rollovers
Any additional voluntary contributions you make.	Up to your normal retirement age, contributions paid to this account are generally: <ul style="list-style-type: none"> <li>▪ 3% of your salary (if paid into your NGS account), plus</li> <li>▪ 9.50% of any allowances or bonuses.</li> </ul> After your normal retirement age, your employer will contribute the greater of: <ul style="list-style-type: none"> <li>▪ 10% of your salary, or</li> <li>▪ the mandated Superannuation Guarantee (SG) rate to your Productivity Account.</li> </ul>	Any rollovers in.

<sup>6</sup> You can choose your own investment option for this sub-account. Refer to section 15 of this report and the **Investment Guide** available at [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds) for more information on investment choice. If you do not make an investment choice your accumulation component will be invested in the default option – Diversified (MySuper).

### What happens to your benefit when you cease employment

You can access your super benefits once you have reached your preservation age. More detail can be found in our fact sheet **Gaining Access to Your Super** available at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS)

Investment choice does not apply to your defined benefit whilst you remain in employment with your current employer. When you cease employment, your defined benefit will be calculated up to and including the date you ceased employment and transferred to an NGS *Accumulation account*. At this time, your account will be invested in our Cash and Term Deposit investment option until your benefit is paid to you, transferred to an NGS *Income account* to start a pension, transferred to another complying superannuation fund or you choose an alternative investment option.

It is important to note that once you leave employment, your benefit will be subject to fluctuations in investment markets. This means you bear the risk that your super benefit could be lower if financial markets drop.



## 12. Statement of change in financial position

	2017/18 (\$)	2016/17 (\$)
<b>Net assets transferred at start of period</b>	<b>8,679,337</b>	<b>8,902,261</b>
<b>REVENUE</b>		
Net investment revenue	719,631	800,278
Member contributions	56,082	12,622
Employer contributions*	201,493	242,539
Rollovers and transfers in	401,372	6,873
Insurance proceeds	–	–
<b>TOTAL REVENUE</b>	<b>1,378,578</b>	<b>1,062,312</b>
<b>EXPENDITURE</b>		
Benefits paid	(649,471)	(1,160,767)
Insurance policy premiums	(25,862)	(33,424)
Contributions tax & surcharge	(27,953)	(31,439)
Administration costs	(171,780)	(59,606)
<b>TOTAL EXPENSES</b>	<b>(875,066)</b>	<b>(1,285,236)</b>
<b>Net revenue after income tax</b>	<b>503,512</b>	<b>(222,924)</b>
<b>Net assets at end of period</b>	<b>9,182,849</b>	<b>8,679,337</b>

\* Includes award contributions and salary sacrifice contributions contributed by employers on behalf of members.

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 PEGS 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 financial statements for NGS Super (refer to [www.ngssuper.com.au/annualreport](http://www.ngssuper.com.au/annualreport))

You can request a copy of the full audited accounts and the auditor's report by contacting us on **1300 133 177**.

## 13. Investment of assets across the NGS Super investment options

INVESTMENT OPTION	30 June 2018 (\$)	30 June 2017 (\$)
<b>PRE-MIXED OPTIONS</b>		
Diversified (MySuper)	543,156	569,154
Shares Plus	575,060	497,603
High Growth	–	–
Indexed Growth	–	–
Socially Responsible Diversified	–	–
Balanced	375,605	337,441
Defensive	386,214	337,265
<b>SECTOR-SPECIFIC OPTIONS</b>		
Australian Shares	2,133,622	2,416,762
International Shares	799,783	998,177
Property	785,784	965,870
Diversified Bonds	86,680	–
Cash & Term Deposits	3,618,248	2,557,065
<b>Total</b>	<b>^9,304,152</b>	<b>8,679,337</b>

^ The assets shown were reduced by \$121,303 to reflect unrecovered invoices, to give a total asset figure of \$9,182,849 as shown in section 12. Statement of Change in Financial Position.

## 14. Fees and charges that apply to your super

The fees and charges of NGS Super are set out in our fact sheet [Fees, Costs and Tax](#) available online at [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds)

- The NGS Super administration fee of \$65 p.a. will be charged if you have one or more Supplementary Accounts. This fee is met from the assets of the Plan. If you do not have a Productivity or a Voluntary Contribution Account this fee will not be charged.
- The costs associated with any insurance cover provided to you as a member of the PEGS Plan are met from the assets of the Plan.

## 15. 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 including your 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* are calculated as follows (please refer table on page 10):

### Member investment choice

If you do not make an investment choice for your Additional accounts, then the default investment option 'Diversified (MySuper)' will apply. For more information on the investment options available, you should refer to the [NGS Product Disclosure Statement](#) which is available at [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds)

## Your benefits

Benefit type	Benefit payable	
<b>Withdrawal benefit before and at your normal retirement age</b>	<p>Your <b>accrued defined benefit</b></p> <p>This is determined as your <b>accrued retirement benefit</b> multiplied by your <b>final average salary</b>.</p>	
<b>Retirement benefit after normal retirement age</b>	<p>From <b>normal retirement age</b>, your benefit will be calculated as your accrued defined benefit at your normal retirement age and accrued with interest to date of retirement.</p> <p>Note that your productivity account (from your normal retirement age) will include employer contributions, the greater of either:</p> <ul style="list-style-type: none"> <li>10% of salary or</li> <li>the mandated SG rate.</li> </ul>	<p><b>Plus</b> your</p> <ul style="list-style-type: none"> <li>Productivity account</li> <li>Additional Voluntary accounts (if any)</li> <li>Rollover/Transfer In account (if any)</li> </ul> <p><b>Less</b> your</p> <ul style="list-style-type: none"> <li>Surcharge account (if any)</li> </ul>
<b>Death benefit or Total and permanent disablement (TPD) benefit</b>	<p>Your <b>projected defined benefit</b></p> <p>Plus:</p> <ul style="list-style-type: none"> <li>any voluntary insurance cover you have</li> </ul> <p><b>Projected defined benefit</b></p> <p>This is determined as your <b>accrued retirement benefit</b> multiple based on your years and months of membership, to age 65 (up to a maximum multiple of 7.000) multiplied by your <b>final average salary</b> assuming that your salary at the date of death/TPD remained unchanged at your normal retirement age.</p>	
<p><b>Income protection (IP) benefit (up to normal retirement age)</b></p> <p>Any income protection benefit payable has a:</p> <ul style="list-style-type: none"> <li><b>waiting period</b> of 90 days;</li> <li><b>benefit payment period</b> up to normal retirement age.</li> </ul>	<p>If you have Income Protection, your monthly benefit will be:</p> <ul style="list-style-type: none"> <li>up to 75% of your monthly pre-disability income paid to you, and</li> <li>up to 10% of your monthly pre-disability income paid to PEGS to finance your super benefits including your Member Mandatory contributions.</li> </ul> <p>IP benefits replace some of your income if you can't work because you are sick or have been injured and you have not reached the normal retirement age for the Plan.</p> <p>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.</p>	

## Some useful definitions

### Normal retirement age

This is 31 December, following your 65<sup>th</sup> birthday.

### Your final average salary

This is defined as the average annual salary paid in the three years immediately prior to the date you leave the service of your employer.

### Accrued retirement benefit

This is calculated as a multiple of your final average salary for each complete year and month of your service (up to a maximum multiple of 7.000) calculated up to the date of leaving service. Your defined benefit will be adjusted for any period of leave without pay and part-time service.

Your multiple is calculated based on your membership category:

- Executives (Category PEGS: 1): using 16.5%
- Staff (Category PEGS: 2): using 13.75%

## 16. Have you updated your beneficiary details?

Your *Member Statement* shows the names of the people you have nominated to receive your super if you die. It's very important to check these details and update them if your circumstances have changed (i.e. if you have had a child or you have married or remarried or you have separated or divorced).

You can change your nomination(s) at any time. If you have a binding nomination you must update it before it expires as binding nominations are currently valid for three years only.

You may choose to have a binding or a non-binding nomination. If you have a binding nomination, the expiry date of the nomination is shown on your *Member Statement* and your **Member Online** account.

### Binding nomination

In the event of your death, the Trustee will pay your death benefit according to your instructions where there is a valid binding nomination. To hold a valid binding nomination you must ensure that:

- the nominated person(s) fits the description of 'dependant' or is your Legal Personal Representative(s) at the time of your death. Refer to our fact sheet **Nominate your beneficiaries** available at [www.ngssuper.com.au/pds](http://www.ngssuper.com.au/pds)
- the form containing the nomination has been confirmed or amended within three years of the day it was first signed or last confirmed or amended by you
- the nomination is in writing and is signed and dated by you in the presence of two witnesses aged 18 years or over, neither of whom is a nominated beneficiary
- the nomination contains a declaration, signed and dated by the witnesses, stating they were present when you signed the form, and
- the allocation of the death benefit among the nominees is clear and totals 100%.

If you want to make a new binding nomination or update an existing nomination, you will need to complete and return a **Making a binding death benefit nomination form**, available at [www.ngssuper.com.au/forms](http://www.ngssuper.com.au/forms). If any item of information is not clear on your form we will seek written confirmation from you.

### Non-binding nomination

If you have not made a binding nomination, payment of your death benefit will be made at the discretion of the Trustee. However, the Trustee will take into account any non-binding nominations you have made. The Trustee will also take into consideration the circumstances of all potential beneficiaries. These may include your Estate, your legal or de facto spouse or partner, your children, anyone who has an interdependency relationship with you and anyone who is financially dependent on you. You can nominate different proportions of the benefit for different people.

It is important that you check your nomination is up-to-date and accurately reflects your current circumstances. If you want to make a change, you can update your nomination via the website at any time or complete and return a **Nominating your beneficiaries form** available at [www.ngssuper.com.au/forms](http://www.ngssuper.com.au/forms)

### Are your contact details up-to-date?

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

It's easy to update your details with us, simply login to your online account at [www.ngssuper.com.au/MOL](http://www.ngssuper.com.au/MOL) and change your details. If you don't already have a PIN, you can register for one online. Alternatively, you can call us and we'll do it for you.

## How to contact us

Visit our website [www.ngssuper.com.au](http://www.ngssuper.com.au) or contact our Customer Service Team or your Customer Relationship Manager. We're here to help you.

### NGS Super Customer Service Team

**Telephone:** 1300 133 177

Phone number for callers outside Australia +61 3 8687 1818

**Fax:** (03) 8640 0813

**Online:** [www.ngssuper.com.au/contact-us](http://www.ngssuper.com.au/contact-us)

Postal address

**GPO Box 4303**

**Melbourne VIC 3001**

### NGS Financial Planning

To make an appointment phone our Helpline on **1300 133 177** or complete the **Financial planning enquiry form** on our website at [www.ngssuper.com.au/financial-planning](http://www.ngssuper.com.au/financial-planning)



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## Important information

The information provided in this document is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice. Past performance is not a reliable indicator of future performance.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.



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[www.ngssuper.com.au](http://www.ngssuper.com.au)  
**1300 133 177**