

Supplementary Annual Trustee Report

for defined benefit members of the Catholic Church Staff Superannuation Plan (CCSSP) – South Australia

For the year ended 30 June 2013

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 2013.

This report is available online at www.ngssuper.com.au (select Super Members > Fact sheets, Reports & PDS then select the Annual Reports tab).

PART 2:

This **Supplementary Annual Trustee Report** to CCSSP 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 defined benefit members of the Catholic Church Staff Superannuation Plan (CCSSP) – South Australia.

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

1. 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**.

2. Changing employers

If you change employers within the Catholic schools sector it is very important that you advise your new employer that you are a CCSSP member. If you or your employer are not making the correct amount of contributions then your benefit may be affected.

3. NGS Super – with you for life

If you resign or retire from the Catholic Schools sector, 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*.

4. 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, you can transfer your Additional Account to our Industry Fund and start a transition to retirement pension – see the NGS Super **Accessing your super fact sheet** available at www.ngssuper.com.au (select Super Members > Fact sheets, Reports & 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.

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.

5. Maximum contribution limits

Non-concessional contributions include personal contributions which members do not claim an income tax deduction. They also include any excess concessional contributions unless these are refunded – special rules determine whether they can be refunded. For the financial year 2013/14 the maximum amount that a member can contribute is generally \$150,000 without incurring additional tax.

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' rule. The bring-forward rule means that you can contribute up to \$450,000 (3 x \$150,000) in non-concessional contributions in a single financial year, or any combination that adds up to \$450,000 over a consecutive 3 year period. For example, a person age 60 could contribute \$300,000 in the first year and the balance of \$150,000 over the following two years.

It is important to remember that contributions paid in excess of these limits will attract tax of 46.5% (increasing to 47% from 1 July 2014).

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 2013/14 the maximum limit is:

- \$25,000 a year if you are under age 60
- \$35,000 a year if you are age 60 and over¹.

Concessional contributions are taxed at 15%² when received by the Fund. It is important to note that from 1 July 2013 contributions paid in excess of these limits will attract additional tax at your marginal rate (including the Medicare levy) less the 15% contributions tax already paid.

An interest charge to recognise that the tax on these excess contributions is collected later than normal income tax will also apply. This interest charge will be charged from the start of the financial year in which the excess contributions are made.

If you have contributed more than the concessional contributions limit, you can request to have the excess contributions refunded to you.

Please refer to Section 7, Notional Taxed Contributions, for details of how testing against the concessional contribution limit works for defined benefit members.

¹The \$35,000 will be extended to individuals aged 50 and over for the 2014/15 financial year.

²From 1 July 2012 members earning a 'combined income' of over \$300,000 p.a. are subject to an increase in concessional contributions tax from 15% to 30%. The definition of 'combined income' will include concessional contributions and other items such as reportable fringe benefits. 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 detail of how this 30% tax will apply to defined benefit members has not yet been confirmed. If you are in this situation, we recommend that you seek financial advice to understand the financial implications.

The measure will not apply to excess concessional contributions as these are effectively taxed at the member's marginal tax rate.

6. Superannuation Guarantee (SG) and your benefit

Your employer must contribute a minimum of 9.25% of your ordinary time earnings (OTE) up to the maximum contributions base (\$192,160 for the 2013/14 year) into a complying superannuation fund.

The required SG contribution rate is scheduled to rise from 9.25% to 12% of OTE between the 2013-14 and 2019-20 financial years as shown in the following table:

Year	Rate (%)
2013-14	9.25
2014-15	9.50
2015-16	10.00
2016-17	10.50
2017-18	11.00
2018-19	11.50
2019-20	12.00

As a defined benefit member, your benefits are calculated as shown in section 14 of this report. It is important to note that 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.

7. Notional Taxed Contributions (NTC)

For defined benefit members, in order 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 being subject to the higher tax rates.

Your NTC rate is only in respect of your defined benefit. It does not extend to any employer contributions paid to your Productivity Account and/or any additional voluntary contributions paid from pre-tax salary to your Additional Voluntary Account – these contributions are calculated outside of the NTC formula. These additional contributions are added to the amount of the NTC to determine your *total* 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 contributions limit when reporting to the ATO.

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:
 - categories 1, 1BC, 1C, 1D: 10.8%
 - category 2: 7.2%
 - categories 3, 4: 0%;
3. Your member contribution rate, which depends on your category and whether you make these contributions from pre-tax or post-tax salary;
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).

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.

8. Examples to determine concessional (before-tax) contribution limits using NTCs

Example 1

Kerry is age 45. 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 concessional contributions being made by the member to another super fund.

Category of membership	1
NTC %	10.8%
Part time percentage	100% (full time)
Super salary at 1 July 2013	\$170,000
Member Mandatory contribution rate (paid from before-tax salary)	6.5%
Employer Additional (Accumulation) contribution rate	3.0%

For the 2013/14 financial year, the concessional contribution limit for individuals under age 60 is \$25,000. Any concessional (**before-tax**) contributions made in that period over \$25,000, will be taxed at the member's marginal tax rate.

Employer Additional (Accumulation) contributions: 3.0% x \$170,000	\$5,100
Notional Taxed contributions: 10.8% x \$170,000 less (1.2 x \$0)	\$18,360

If Kerry's salary and the Employer Additional (Accumulation) contributions remain the same during the 2013/14 financial year, then Kerry could make additional Member Voluntary (**before-tax**) contributions up to **\$1,540** [\$25,000 - (\$5,100 + \$18,360)] without incurring additional concessional contributions tax.

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) does not cause her to exceed her concessional (**before-tax**) contribution limit. Kerry puts some notes in her smartphone to remind herself to follow up.



Example 2

Chris is age 52. 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 concessional contributions being made by the member to another super fund.

Category of membership	1
NTC %	10.8%
Part time percentage	100% (full time)
Super salary at 1 July 2013	\$70,000
Member Mandatory contribution rate (paid from after-tax salary)	5.5%
Employer Additional (Accumulation) contribution rate	3.0%

For the 2013/14 financial year the concessional contribution limit for individuals under age 60 is \$25,000. Any concessional (**before-tax**) contributions made in that period over \$25,000, will be taxed at the member's marginal tax rate.

Employer Additional (Accumulation) contributions: 3.0% x \$70,000	\$2,100
Notional Taxed contributions: 10.8% x \$70,000 less [1.2 x (5.5% x \$70,000)]	\$2,940

If Chris' salary and the Employer Additional (Accumulation) contributions remain the same during the 2013/14 financial year, then Chris could make additional Member Voluntary (**before-tax**) contributions up to **\$19,960** [$\$25,000 - (\$2,100 + \$2,940)$].

Chris decides to limit his additional **before-tax** voluntary contributions to a maximum of \$15,000. 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 electronic diary to remind himself to follow up.

9. How the Fund works

The CCSSP of NGS Super provides, in the main, benefits based on the accumulation of contributions plus investment earnings. Members of the defined benefit categories (who are required to contribute a percentage of their salary) may also receive the protection of a minimum retirement benefit after age 55. This benefit is based on a multiple of your salary near retirement. 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. If a defined benefit member makes any additional (voluntary) contributions to the Fund, these contributions and any rollovers into NGS Super will be credited to a separate sub-account in the member's name, in the Voluntary Account. The 3% Employer Additional contributions are also credited to this sub-account, in the Productivity Account. The Voluntary Account and Productivity Account are referred to as Additional Accounts.

Members can also choose their own investment option for this sub-account – please refer to the NGS Super *Member Guide* dated 1 July 2013 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 2013 the employers were contributing in line with the actuary's recommendations and the Plan was in a satisfactory financial position.

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.

10. Statement of change in financial position

	30 June 2013 (\$ amount)	30 June 2012 (\$ amount)
Net assets at beginning of year	\$96,840,433	102,864,103
Revenue		
Net investment revenue	13,667,077	(2,043,399)
Member contributions	1,065,100	1,029,035
Employer contributions	8,574,955	10,185,218
Rollovers and transfers in	818,157	384,842
Insurance proceeds	–	158,345
Total revenue	24,125,289	9,714,041
Less expenditure		
Benefits paid	(8,307,220)	(13,543,365)
Insurance policy premiums	(283,771)	(494,194)
Contributions tax & surcharge	(1,206,288)	(1,461,454)
Administration costs	(247,673)	(238,698)
Income protection payments	–	–
Total expenses	(10,044,952)	(15,737,711)
Net revenue after income tax	14,080,337	(6,023,670)
Net assets at end of period	110,920,770	96,840,433

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 CCSSP 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, then select Super Members > Fact Sheets, Reports & PDS > Annual Report).

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

11. Investment of assets across the NGS Super investment options

Investment option	30 June 2013 (\$ amount)	30 June 2012 (\$ amount)
Pre-mixed options		
Defensive	214,566	498,114
Balanced*	1,308,144	495,937
Diversified (<i>MySuper</i>)*	106,304,359	92,518,128
Indexed Growth*	143,657	–
High Growth	239,112	331,998
Shares Plus	45,341	33,483
Sector-specific		
Cash & Term Deposits*	1,187,711	1,685,426
Diversified Bonds	258,745	23,803
Property	327,326	182,501
Green Shares**	76,977	39,923
Australian Shares	766,113	992,744
International Shares	48,719	38,376

* The following investment options were renamed effective 1 July 2013:

– Balanced previously known as Conservative; – Diversified (*MySuper*) – default previously known as Diversified; – Indexed Growth previously known as Indexed Balanced; – Cash & Term Deposits previously known as Cash.

** NGS Super is currently reviewing this sector option and planning to change it to a more balanced style option towards the end of 2013. Please refer to our website for further announcements and details.

12. CCSSP 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 CCSSP are protected. NGS Super is sponsored by the Association of Independent Schools (AIS) NSW and SA, the Catholic Hierarchy of New South Wales, the Independent Education Union of SA, the NSW/ACT Independent Education Union (IEU), the SA Commission for Catholic Schools and the Victorian Independent Education Union (VIEU).

As a sponsoring organisation, the SA Commission for Catholic Schools is responsible for the appointment and replacement of the Trustee Directors who represent it. Both Mr Peter Fogarty (1995) and Mr Michael Critchley (2011) are the current representatives to the NGS Super Trustee Board.

Members of the CCSSP are also represented by an Employer Liaison Committee, which is responsible for assisting the Trustee with the specific needs of CCSSP employers and members.

13. 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 July 2013. A copy of this *Member Guide* is available online at www.ngssuper.com.au (select Super members > Fact sheets, Reports & PDS). From here you can select the 'Product Disclosure Statement' tab.

- In addition to these fees, the CCSSP is charged a fee of 0.3% of the defined benefit assets to cover the additional costs of managing a defined benefit fund. This fee is deducted from your defined benefit accounts (i.e. Member Mandatory Account, Employer Mandatory Account, Past Fund Account and SG Notional Account).

- The NGS Super administration fee of \$65 p.a. will only be deducted if you have Additional Accounts. If you do not have voluntary contributions, rollovers or award super contributions, you will not be charged this fee. If you have more than one Additional Account with NGS Super you will only pay one NGS Super administration fee.
 - Most CCSSP members also have a flat insurance premium of 1.5% of salary to cover the standard insurance benefit. As a defined benefit member you have the option to take out additional voluntary insurance by having an industry account with NGS Super. For more information about your additional insurance options, please call the NGS Super Customer Service Team.
- Please note that any additional insurance you have associated with the defined benefit account will be limited to a maximum of four times salary.

14. 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. 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:

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 Super *Member Guide* dated 1 July 2013 which is available at www.ngssuper.com.au (select Super Members > Fact sheets, Reports & PDS) or you can call our Customer Service Team.

What happens to your benefit when you cease employment

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 the NGS Super Industry Fund. After this time, your defined benefit account will be invested in accordance with the investment option(s) applying to your Additional Accounts until your benefit is paid to you, used to purchase an NGS Pension, transferred to another complying superannuation fund or you choose an alternative investment option.

If you do not have any Additional Accounts, then your defined benefit will be invested in the default investment option – Diversified (*MySuper*).

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.

Withdrawal benefit

Your benefit is calculated as:

- your Member Mandatory Account, plus
- your Employer Mandatory Account, plus
- your Past Fund Account, plus
- your Additional Accounts.

Your total withdrawal benefit is subject to a minimum of the statutory minimum benefit payable under superannuation guarantee legislation.

Retirement benefit (from age 55–75)

Your benefit on retirement is calculated in the same way as your withdrawal benefit. However, if the Employer requests and the Trustee agrees, the benefit is subject to a minimum of:

- your accrued retirement benefit to the date of your retirement, plus
- the balance of your Additional Accounts.

Your accrued retirement benefit is calculated as a percentage of your Final Average Salary for each year of your membership¹ in either Category 1 or Category 2.

¹Your period of *membership* will be reduced by any periods of leave without pay and adjusted for any periods of part-time employment.

Important notes:

1. Your 'Final Average Salary' is defined as the average of the past five annual salaries at 1 February each year*.
2. The income protection benefit is payable for a maximum period of five years or to age 65, whichever occurs earlier.

*For part-time employees, your 'Final Average Salary' will be equal to the average of your past five *full time equivalent salaries* as at 1 February each year.

Death benefit

Your benefit is calculated as:

- your withdrawal benefit, plus
- your basic insurance cover of one times annual salary, if applicable, plus
- any voluntary insurance cover you have.

Total & permanent disablement benefit

Your benefit is calculated as:

- your withdrawal benefit, plus
- any voluntary insurance cover you have.

Income protection benefit

If you have Income Protection, your benefit is calculated as:

- your basic insurance cover of 75% of annual salary, plus:
- an additional amount of 5.5% in respect of member compulsory super contributions.

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.

NGS Super Administration

Telephone: 1300 133 177

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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 July 2013 for any product you may be thinking of acquiring and consider seeking professional advice before acting on this information.

