

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 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 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.



Contents

| | |
|---|-----|
| 1. Accessing your account online | 2 |
| 2. NGS Super – with you for life | 2 |
| 3. Transition to retirement pensions | 2 |
| 4. Maximum contribution limits | 3 |
| 5. Superannuation Guarantee (SG) and your benefit | 3 |
| 6. Notional Taxed Contributions (NTC) | 3–4 |
| 7. Examples to determine concessional (before-tax) contribution limits using NTCs | 4–5 |
| 8. How the Fund works | 5 |
| 9. Statement of change in financial position | 6 |
| 10. Cuesuper representation – NGS Super Board | 6 |
| 11. Fees and charges that apply to your super | 6 |
| 12. How to calculate your benefits | 6–7 |
| How to contact us | 8 |

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.

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. 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*.

3. 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 Voluntary 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.



4. Maximum contribution limits

Non-concessional contributions include personal contributions for 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 6, Notional Taxed Contributions, for details of how testing against the concessional contribution limit works for defined benefit members.

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

² From 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.

5. 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 12 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.

6. 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 Employer Additional Account and/or any additional voluntary contributions paid from pre-tax salary to your Additional Voluntary Accounts – 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 is: 12%.
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.

7. 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 | QTMB |
| NTC % | 12.0% |
| Part time percentage | 100% (full time) |
| Super salary at 1 July 2013 | \$160,000 |
| Member Mandatory contribution rate (paid from before-tax salary) | 6.35% |
| 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 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 2013/14 financial year, then Kerry could make additional Member Voluntary (**before-tax**) contributions up to **\$1,000** [\$25,000 - (\$4,800 + \$19,200)] 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 or super on allowances or bonuses) do 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 | QTMB |
| NTC % | 12.0% |
| Part time percentage | 100% (full time) |
| Super salary at 1 July 2013 | \$70,000 |
| Member Mandatory contribution rate (paid from after-tax salary) | 5.4% |
| 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 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 2013/14 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 electronic diary to remind himself to follow up.

8. How the Fund works

The benefits payable depend on which category of membership you belong and when and why you leave NGS Super. 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 (*MySuper*)* 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.

*At 1 July 2013, the Diversified investment option was re-named 'Diversified (*MySuper*)'.

Defined benefit members cannot choose their own investment option. This sub-account is invested in the Diversified (*MySuper*) investment option – please refer to the NGS Super **Investment fact sheet** dated 1 July 2013 for more information on the Diversified (*MySuper*) investment option.

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 employer was contributing in line with the actuary's recommendations and the Plan was in a satisfactory financial position.



9. Statement of change in financial position

| | 30 June 2013 (\$ amount) | 30 June 2012 (\$ amount) |
|---|-----------------------------|-----------------------------|
| Net assets transferred at beginning of year | 12,337,413 | 13,023,487 |
| Revenue | | |
| Net investment revenue | 1,602,173 | (246,321) |
| Member contributions | 47,113 | 57,384 |
| Employer contributions | 590,923 | 594,254 |
| Rollovers and transfers in | 254 | 118,770 |
| Total revenue | 2,240,463 | 524,087 |
| Less expenditure | | |
| Benefits paid | (1,051,531) | (906,505) |
| Insurance policy premiums | (8,558) | (34,764) |
| Contributions tax & surcharge | (103,194) | (72,227) |
| Administration costs | (112,703) | (196,665) |
| Total expenses | (1,275,986) | (1,210,161) |
| Net revenue after income tax | 964,477 | (686,074) |
| Net assets at end of period | 13,301,890 | 12,337,413 |

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, 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.

10. 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 in 2011, 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 NGS Super 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.

11. 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 *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.

12. 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 the NGS Super *Transfer Guide* dated 1 April 2011. The *Transfer Guide* provides 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. 9.25% 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 55th 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, this 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.

The NGS Super Team

NGS Super Trustee Office



Kathy Alexander



David Eitzen

New South Wales



Dee Duke



Jorjet Issavi



Myriam Chrystal

Queensland



Neil Kent



Tana Brink

South Australia



Elaine Santos



Thomay Gatis

Victoria



Laurie Buchanan

Western Australia



Jon Cheney

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 Customer Service Team

Telephone: 1300 133 177

Phone number for callers outside Australia
+61 3 8687 1818

Email: www.ngssuper.com.au/contact-us

Web: www.ngssuper.com.au

Fax: (03) 8640 0813

Postal address

GPO Box 4303

Melbourne VIC 3001

NGS Super Trustee Office

Kathy Alexander

National Client Relationship Manager

Email: kalexander@ngssuper.com.au

David Eitzen

Fund Development Manager

Email: deitzen@ngssuper.com.au

NGS Super State Client Relationship Managers

New South Wales Office

Dee Duke

Client Relationship Manager

Email: dduke@ngssuper.com.au

Jorjet Issavi

Client Relationship Manager

Email: jjissavi@ngssuper.com.au

Myriam Chrystal

Client Relationship Manager

Email: mchrystal@ngssuper.com.au

Level 16, 99 Bathurst Street

Sydney NSW 2000

Telephone: (02) 9273 7900

Queensland Office

Neil Kent

State and Business Development Manager

Email: nkent@ngssuper.com.au

Tana Brink

Client Relationship Manager

Email: tbrink@ngssuper.com.au

Suite 4-5, 39 Jeays Street

Bowen Hills QLD 4006

Telephone: (07) 3874 8300

South Australian Office

Elaine Santos

Client Relationship Manager

Email: efacchino@ngssuper.com.au

Thomay Gatis

Client Relationship Manager

Email: tgatis@ngssuper.com.au

Optus Building

Level 1, 431-439 King William Street

Adelaide SA 5000

Telephone: (08) 8418 2400

Victorian Office

Laurie Buchanan

Client Relationship Manager

Email: lbuchanan@ngssuper.com.au

Level 5, 737 Burwood Road

Hawthorn VIC 3122

Telephone: (03) 9811 0502

Western Australian Office

Jon Cheney

Business Development Manager

Email: jcheney@ngssuper.com.au

Suite 6, 9-11 Preston Street

Como WA 6152

Telephone: (08) 6282 0181



The information in this document is of a general nature. It has been prepared without taking into account your particular financial needs, circumstances and objectives. You should assess your own financial situation and read the Product Disclosure Statement relating to the products, and may wish to consult an adviser, before making a financial decision based on this information. Past performance is not a reliable indicator of future performance.

NGS Financial Planning Pty Ltd ABN 89 134 620 518 (NGS Financial Planning) is a corporate authorised representative #394909 of Mercer Financial Advice (Australia) Pty Ltd ABN 76 153 168 293 AFSL# 411766.

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