

Contributing to your super

WEST STATE SUPER AND GESB SUPER



The information in this document forms part of the Product Information Booklet for GESB Super and West State Super, each dated 30 March 2012. You should read the information in this document as part of the Product Information Booklet before making a decision.

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BOOST YOUR RETIREMENT SAVINGS WITH SUPER CONTRIBUTIONS

According to ASFA*, many Australians say that, when they retire, they would like to live on around 70% of their pre-retirement income.

For many of us, this is unlikely to be enough to support the retirement lifestyle we'd like.

This contribution brochure explains how you can boost your retirement savings with the different super contribution options available.

* The Association of Superannuation Funds of Australia

SUMMARY OF CONCESSIONAL CONTRIBUTIONS

These are payments made from your income BEFORE you pay any tax or where you later claim a tax deduction.

1. Superannuation Guarantee / Employer contributions


What are they?

While you're working, your employer is legally required to contribute Superannuation Guarantee contributions of 9% of your eligible salary into your super account. 'Eligible salary' is based on ordinary time earnings (OTE) and this term is explained in the glossary. To ensure this document is easy to understand, we use the term 'salary' to mean eligible salary.

These contributions are required by the Commonwealth government to ensure most people have super to rely on when they retire. Most working Australians receive these contributions.

How and when can I make them?

Your employer makes these contributions on your behalf so you don't need to do anything. If you have questions regarding your Superannuation Guarantee, you can ask your payroll department.

 See page 4 for an example.

2. Salary sacrificed contributions

What are they?

These contributions are pre-tax salary amounts that you can contribute into your super instead of taking as salary.

Why should I make these contributions?

The government provides tax incentives to encourage saving for retirement. It is generally one of the most tax-effective ways to make contributions to your super account.

- **You pay less income tax** - By making salary sacrificed contributions to your super account, from before-tax dollars rather than making contributions from your after-tax income, you may obtain an immediate tax benefit by reducing your taxable income and paying less income tax. The amount of the tax benefit depends on your particular circumstances.
- **They are flexible** - You can easily start, stop or change your salary sacrificed contribution as your situation changes.
- **They are a cost-effective way of boosting your super** - You can make salary sacrificed contributions at no cost through your employer if you are a WA public sector employee.


How and when can I make salary sacrificed contributions?

You can make salary sacrifice contributions through an agreement with your employer. You agree to contribute part of your future salary to your super instead of having it paid to you as salary.

It's simple. Fill in a 'Payroll deduction' form and submit it to your employer. They will send your contributions directly to GESB on your behalf.

You can generally only make salary sacrificed contributions to GESB if you are currently working for a WA public sector employer.

Salary sacrificing does not affect the amount your employer contributes to your super if you are a WA public sector employee.

 See page 5 for more information.

The glossary at the back should help you to make sense of various super industry and contributions terms.

3. Tax deductible personal contributions

What are they?

These are personal contributions that you can claim as an income tax deduction on your tax return if you meet certain eligibility criteria.

Why should I make these contributions?


Where you are self employed, partly self-employed or are not entitled to receive a Superannuation Guarantee, you can still contribute to super and claim a tax deduction. This has the effect of reducing the amount of income tax you will pay, provided you meet the eligibility criteria.

How and when can I make them?

There are two ways that you can make personal contributions:

1. Make a lump sum contribution through B_{PAY}, or
2. Make a lump sum contribution with a cheque or money order by completing a 'Super contributions' form.

To claim a tax deduction, you should read 'How to claim or vary a tax deduction' fact sheet, available at www.gesb.com.au/brochures and complete the form called 'Notice of intent to claim or vary a tax deduction'.

 See page 7 for more information.

SUMMARY OF NON-CONCESSIONAL CONTRIBUTIONS

These are payments that you can choose to make AFTER INCOME TAX has already been deducted.

1. Personal after-tax contributions

What are they?

These could be lump-sum amounts, like inheritance, lotto winnings or proceeds of asset sales that you decide to pay into your super instead of spending, or additional money from your salary.

Why should I make these contributions?

- **More money in your super when you retire** - You are boosting your super above the amount that your employer is required to contribute, which will result in more money in your super when you retire.
- **Potential co-contribution payment from the government** - Depending on your age and income, the government may match any personal after-tax contributions you make with an additional super payment known as a Commonwealth Government Super Co-contribution.
- **Pay less tax** - Any investment earnings made through your super can benefit from more favourable tax concessions. This means you'd pay less tax on these earnings than you would if you were to invest the same amount of money in investments outside your super.
- **Continue to grow your super** - If you have already reached the concessional contributions cap for super contributions, you can always make after-tax contributions up to a higher cap which means you continue to grow your super.

How and when can I make them?

- Make regular payments by completing a 'Payroll deduction' form and giving this to your employer - make sure you select the after tax option.
- Make a lump sum contribution through B_{PAY}®.
- Make a lump sum contribution with a cheque or money order by completing a 'Super contributions' form.

All forms are available at www.gesb.com.au/brochures.

 See page 7 for more information.

2. Spouse or partner contributions

What are they?

Spouse or partner contributions allow you to contribute money to your spouse or partner's super account. These contributions assist in growing your joint retirement savings and, in most cases, receive a number of tax benefits.

Why should I make these contributions?

There are a number of potential tax benefits in making spouse contributions. These can include:

- Receiving a tax offset up to a maximum of \$540 per financial year
- The spouse contributions being tax-free upon withdrawal
- Your spouse or partner may pay a lower rate of tax on their final super benefit than you

Your spouse can also access the GESB member benefits if they don't already have a GESB account.

How can I make them?

For an initial contribution, you and your spouse or partner will need to complete and sign a 'Spouse contributions application' form.

➔ For further contributions, you will need to complete an 'Additional contributions' form to verify that you are still living together on a bona fide domestic basis. All forms are available at www.gesb.com.au/brochures.

🔑 See page 8 for more information.

SUMMARY OF OTHER CONTRIBUTIONS

There are other options available to you to help you boost your super.

1. Check your eligibility for the Commonwealth Government Super Co-contributions

What are they?

The Commonwealth government will match part or all of your personal after-tax contributions if your total income (ie assessable income, reportable fringe benefits and reportable employer super contributions) is less than \$61,920 for the 2011/12 financial year.

For every dollar of personal after-tax contributions you put into your super up to \$1,000, the government will match it with up to \$1. You could be eligible for up to \$1,000 a year, depending on your total income for that financial year.

How can I find out if I'm eligible?

You may qualify for a super co-contribution payment when you make a personal after-tax contribution to GESB Super or West State Super within the financial year on which you are being assessed. To qualify, you must also:

- Meet the relevant income thresholds
- Lodge an income tax return
- Be less than 71 years of age at the end of the financial year
- Have at least 10% of your total income earned from eligible employment, running a business or a combination of both
- Not hold an 'eligible temporary visa'

🔑 See page 8 for more information.

2. Consolidate other super fund accounts

What is this?

Every time you've changed jobs you may have opened another super account. Keeping track of small amounts of super can be a hassle, and it's likely that money in these separate accounts is being eaten up by duplicate fees and charges. We can help you consolidate your super into one place and save.

Why consolidate your super with GESB?

- Combine all of your super and retirement benefits in one place, with only one set of fees.
- Simplify your paperwork to just one super benefit to look after and we'll consolidate all your funds at no additional cost.
- Control how your super is invested by choosing your own investment plan.
- Relax knowing that you'll have your entire super with WA's largest locally based fund with around \$12 billion in funds under management.

The super you wish to transfer into your West State Super or GESB Super account will be invested in your current investment plan. To change your investment plan visit Member Online at gesb.com.au or download an 'Investment choice' form at www.gesb.com.au/brochures.

What you will need to do

Step 1: Fill out a separate 'Super consolidation' form for each super account you would like to transfer to your GESB account.

Step 2: Attach original certified copies of proof of identity. You must provide original certified proof of identity documents for each 'Super consolidation' form you send back to GESB.

Step 3: Send your form(s) and original certified proof of identity to GESB and we'll take care of the rest.

What we'll do

When we receive your completed form(s) and proof of identity, we'll send you a confirmation letter. We'll also contact your previous fund(s) to arrange the transfer of your super into your nominated GESB account. We'll then confirm with you in writing once this transfer is complete.

🔑 See page 9 for other important information.

➔ For more information, see the 'Super consolidation' form at www.gesb.com.au/brochures.

There are limits to how much you and your employer can contribute to super each financial year. The limits depend on the type of contribution, the status of the fund and your age.

10 THINGS TO KNOW ABOUT SUPER CONTRIBUTIONS

1. Employer contributions

Your employer is legally required to contribute a minimum of 9% of your salary into your super account. These payments are called employer contributions.

Here's an example to help you understand how employer contributions are calculated:

If John earns \$2,000 gross per fortnight, his employer would contribute: $\$2,000 \times 9\% = \180 every fortnight to his GESB Super account. That's \$4,680 per year.

If you have questions regarding your Superannuation Guarantee, you can ask your payroll department.

Careful planning is the key to a more comfortable retirement. The earlier you start, the bigger the difference you can make to your retirement savings. Even a little extra invested now can grow significantly by the time you retire.

2. Contributions you choose to make

While you're working, your employer contributions will help you to accumulate retirement savings. But for many of us, employer super may not be enough to support the retirement lifestyle we'd like. By making additional contributions to your super, it's possible to make a significant difference to the amount you have when you retire.

The amount of super you'll need for your retirement depends on a number of factors. You should aim to save enough in your super so that, when it's combined with any other investment income you have, it provides you (and your dependants) with an adequate regular retirement income.

You can make additional contributions through:

1. Salary sacrifice (before-tax) contributions
2. Tax deductible personal contributions
3. Personal (after-tax) contributions

Note that you can only make salary sacrificed contributions or contribute via payroll if you are currently employed in the WA public sector.

If you make a personal after-tax contribution, you may also be eligible for the Commonwealth Government Superannuation Co-contribution payment. See page 8.

3. Contribution limits

As superannuation receives tax concessions that can reduce the amount of tax you pay, there are limits on the amount that you or your employer can contribute.

The concessional contributions cap limits the amount of concessional contributions you or your employer can make to super each financial year. The non-concessional contributions cap limits the amount of non-concessional contributions you can make.

Concessional contributions are generally taxed at the concessional rate of 15% (does not apply to West State Super because of its untaxed status). Non-concessional contributions are not taxed.

All concessional contributions to all of your super funds (with the exception of constitutionally protected funds like West State Super) in a financial year are counted towards your concessional contributions cap. Any excess concessional contributions above this cap will also count towards your non-concessional contributions cap.

All non-concessional contributions to all of your super funds in a financial year are counted towards your non-concessional contributions cap.

The contribution counts in the financial year in which it is made to your super fund. Generally, this will mean when your super fund actually receives the money.

Concessional contributions cap for West State Super

West State Super is a constitutionally protected fund and an untaxed fund. Unlike taxed funds like GESB Super, employer contributions including salary sacrificed contributions and personal deductible contributions to West State Super are not counted towards your concessional contributions cap and no contribution tax is applied.

Instead there is an untaxed plan cap of \$1,205,000** which limits the untaxed benefit, ie taxable untaxed component that can be paid or rolled over to a taxed fund and still be subject to concessional tax treatment. The untaxed benefit is subject to tax when it is paid to you or when you rollover your benefit to a taxed fund or income stream.

 Refer to the glossary for a definition of the taxable component.

 To find out more, refer to the 'Tax and super' fact sheet available at www.gesb.com.au/pib.

** For the 2011/12 financial year, indexed annually for future years.

Concessional contributions cap for GESB Super

Concessional contributions cap	Special arrangement or transitional rule
\$25,000 pa ¹ Maximum amount you can contribute to your super which will be taxed at the concessional rate of 15%	Transitional non-indexed cap of \$50,000 pa for persons aged 50 or over (or who will turn 50) during the period 1 July 2009 to 30 June 2012
¹ For 2011/12 but indexed to the average weekly ordinary time earnings (AWOTE) (increased in \$5,000 increments) for future years.	

Contributions in excess of the concessional contributions cap are taxed (currently) at 31.5%. Note that any excess concessional contributions also count towards the non-concessional contributions cap.

A further tax of 31.5% applies to concessional contributions if you do not supply your tax file number.

Non-concessional contributions cap for West State Super and GESB Super

Non-concessional contributions cap	Special arrangement or transitional rule
\$150,000 pa ¹	If aged under 65, can bring forward two years of contributions, ie \$150,000 plus \$300,000. If brought forward, the amounts are not indexed
¹ For 2011/12 but equal to six times the concessional contributions cap (currently \$25,000) for future years.	

Contributions in excess of the non-concessional contributions cap are taxed (currently) at 46.5%.

4. When can contributions be made?

All types of contributions can be made into your account if you are aged under 65 and if we have your tax file number (TFN).

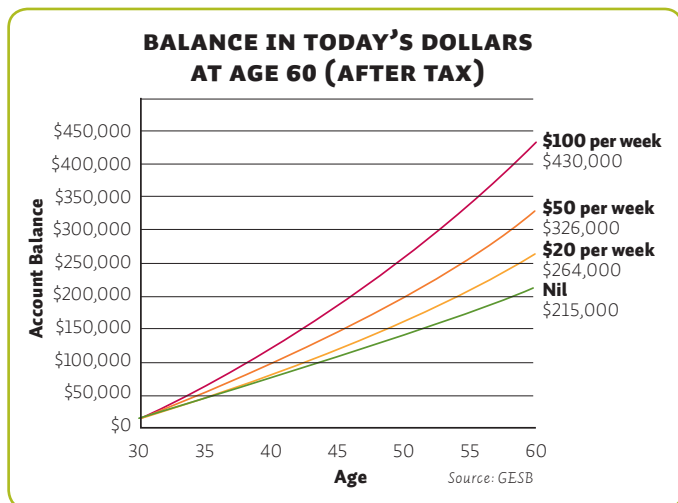
From age 65, you can make the types of contributions set out in the table below:

Your age	Contributions			
	By your employer		By you ³	By your spouse
	Mandated ¹	Voluntary ²		
Under 65	✓	✓	✓	✓
65 but less than 70	✓	✓ ⁴	✓ ⁴	✓ ⁴
70 but less than 75	✓	✓ ⁴	✓ ⁴	✗
75 and over	✓	✗	✗	✗

¹ Mandated employer contributions are Superannuation Guarantee contributions up to age 70 or contributions required under a certified agreement or an industrial award.
² This includes salary sacrifice contributions.
³ This includes personal (after-tax) contributions for which a tax deduction has been claimed and UK Pension Transfers.
⁴ Can be accepted provided you have been gainfully employed on at least a part-time basis (worked for at least 40 hours in a period of 30 consecutive days) during the financial year in which the contribution is made.

An example:

Contributing a little every week can make a big difference at retirement. Look how much you could save by age 60, simply by making a regular personal contribution of \$20, \$50 or \$100 per week to a West State Super account.



Assumptions

Here are the assumptions we took into account. If these assumptions change the results may differ:

- Contributions made to West State Super (contributions made into GESB Super may result in different balances)
- Starting age of 30
- Starting balance of \$30,000
- Taxable salary \$50,000 pa
- Employer's contribution of 9% of salary
- Allowance for expenses and insurance premiums
- Premiums based on male, light blue collar occupation
- Death and TPD cover growing 2.5% pa and SCI cover at 75% of salary
- After-tax contributions as shown in graph (salary and all contributions growing at 4% pa)
- A net investment return of 7.8% pa
- Allowing for Commonwealth Government Super Co-contributions

5. Salary sacrifice in detail

You can arrange for your employer or salary packaging provider to reduce the cash component of your future salary or wages by a set amount and contribute this amount into your super before you pay income tax. This is called salary sacrifice, and it can be one of the most tax-effective ways to make contributions to your super account.

The compulsory Superannuation Guarantee contribution of 9% of your salary usually won't be affected if you decide to salary sacrifice into super. As a WA public sector employee the amount you salary sacrifice is still included when calculating your 9% employer contributions.

For example, if your salary was \$50,000 and you salary sacrificed \$2,000 into your super; your employer's 9% contribution would still be 9% of \$50,000, not 9% of \$48,000.

The amount you salary sacrifice will be reported by your employer on your annual or part-year payment summary. The amount reported will be used in the income tests for determining your eligibility for:

- Spouse super contributions tax offset
- Deduction for personal super contribution
- Commonwealth Government Superannuation Co-contribution payment
- Other Commonwealth government assistance payments (eg dependency tax offset)

Note: You must currently work as a WA public sector employee to make salary sacrifice contributions to GESB.

The benefits of salary sacrifice

- **Pay a lower rate of tax** - Contributions made to your super are concessional-tax which may mean that the rate you pay is lower than if you had taken the amount in salary.
- **Pay less income tax** - Salary sacrificed contributions under an effective salary sacrifice arrangement are not included in your assessable income and not subject to income tax. This can mean more money in your take-home pay today, or more money to contribute to super after tax. The amount of the tax benefit depends on your particular circumstances.
- **Flexible** - You can easily start, stop or change your salary sacrifice contribution amount as your situation changes.
- **Cost-effective** - You can salary sacrifice contributions through your employer (subject to your employer's agreement) or through a salary packaging provider.
- **Simple** - Complete a 'Super Contributions' form, submit it to your employer and they will send your contributions directly to us on your behalf. Or contact your salary packaging provider and they can give you the details of how to salary sacrifice.

Members contributing to GESB Super should note that salary sacrifice amounts (plus employer contributions) in excess of the concessional contributions cap will be taxed at an additional 31.5%.

➔ We recommend you read our 'Salary sacrifice' fact sheet and 'Super contributions' form, available at www.gesb.com.au/brochures. The example below should also assist in explaining how you might benefit from this tax-effective super contribution arrangement.

Example:

Amanda receives a salary of \$70,000 pa and would like to make a voluntary contribution of \$5,200 (\$100 per week for 52 weeks) to her West State Super or GESB Super account.

	No voluntary super contribution	With voluntary contributions (from after-tax income)	With salary sacrifice contributions (from pre-tax income)
Gross income	\$70,000	\$70,000	\$70,000
Salary sacrifice amount	\$0	\$0	\$5,200
Taxable income	\$70,000	\$70,000	\$64,800
Less income tax including Medicare levy (based on individual resident tax rates for 2010/11)*	\$15,600	\$15,600	\$13,962
After-tax income	\$54,400	\$54,400	\$50,838
After-tax voluntary contribution	\$0	\$5,200	\$0
Total take home pay	\$54,400	\$49,200	\$50,838

* The Flood levy may apply to you in respect of the 2011/12 financial year and will alter these calculations.

By entering into a \$5,200 salary sacrifice arrangement with her employer, Amanda reduces her annual after tax income by \$3,562 (\$54,400 - \$50,838). This is because she is only paying income tax on \$64,800 rather than \$70,000. So, by making a \$100 per week contribution to her super, she reduces her income tax by about \$30 per week. Also her take home pay only reduces by about \$70 per week rather than by the value of her super contribution (\$100).

GESB Super

	No voluntary super contribution	With voluntary contributions (from after-tax income)	With salary sacrifice contributions (from pre-tax income)
Total take home pay	\$54,400	\$49,200	\$50,838
Net amount into your GESB Super account*	\$0	\$5,200	\$4,420
Total benefit (take home pay + any contributions to super)	\$54,400	\$54,400	\$55,258

* Salary sacrificed contributions are generally concessional contributions for tax purposes which are taxed at the concessional rate of 15%.

By salary sacrificing rather than making an after-tax contribution to her GESB super account or no contribution at all, Amanda also increases her total benefit by \$858 (\$55,258 - \$54,400).

West State Super

	No voluntary super contribution	With voluntary contributions (from after-tax income)	With salary sacrifice contributions (from pre-tax income)
Total take home pay	\$54,400	\$49,200	\$50,838
Net amount into West State Super*	\$0	\$5,200	\$5,200
Total benefit (take home pay + any contributions to super)	\$54,400	\$54,400	\$56,038

* West State Super is a constitutionally protected fund and an untaxed fund. Unlike a taxed fund like GESB Super, employer contributions including salary sacrificed contributions to West State Super are not counted towards your concessional contributions cap and no contribution tax is applied. Instead there is a lifetime limit referred to as an untaxed plan cap of \$1,205,000 for the 2011/12 financial year which limits the untaxed benefit, ie taxable untaxed component that can be paid or rolled over to a taxed fund and still be subject to concessional tax treatment. The untaxed benefit is subject to tax when it is paid to or when you rollover your benefit to a taxed fund or income.

By salary sacrificing rather than making an after-tax contribution to her West State super account or no contribution at all, Amanda also increases her total benefit by \$1,638 (\$56,038 - \$54,400).

6. Tax-deductible personal contributions

Where you are self employed or not entitled to superannuation support, you can contribute to super on your own behalf. You may be able to claim a tax deduction for personal contributions you have made or are about to make to your super account with GESB.

Contributions made to GESB Super or West State Super are treated differently for tax purposes.

If you are self-employed and claim a personal tax deduction for contributions made to your GESB Super account, this will count towards your concessional contributions cap and be taxed at the concessional rate of 15%.

If the amount of your deduction results in you exceeding your concessional contributions cap for the financial year, you will be subject to excess contributions tax of 31.5% (in addition to the 15% contribution tax) on the excess amount.

Personal deductible contributions made to your West State Super account are not counted towards your concessional contributions cap and no contribution tax is applied. Instead there is a lifetime limit referred to as an untaxed plan cap of \$1,205,000 for the 2011/12 financial year which limits the untaxed benefit, ie taxable untaxed component that can be paid or rolled over to a taxed fund and still be subject to concessional tax treatment. The untaxed benefit is subject to tax when it is paid to you or when you roll over your benefit to a taxed fund or income stream.

GESB recommends that you seek professional financial advice and/or tax advice if you wish to claim a deduction on your superannuation contributions. This is a complex area and it is important to confirm your eligibility, particularly if there are any other tax considerations applicable.

➔ To find out more, refer to the 'Tax and super' fact sheet available at www.gesb.com.au/pib.

➔ If you wish to claim a deduction, see the 'How to claim or vary a tax deduction' fact sheet at www.gesb.com.au/brochures or contact your Member Services Centre on 13 43 72.

Other things you should consider

Upon payment of a benefit, tax consequences in relation to salary sacrifice contributions and personal deductible contributions need to be taken into account.

Salary sacrifice contributions and personal deductible contributions are not eligible contributions that count towards the Commonwealth Government Superannuation Co-contribution payment.

Income tax has already been paid on after-tax contributions and therefore no further tax is payable on these contributions when paid into super.

Here's a quick summary of the steps for each type of contribution:

Contribution type	What you need to do
	All forms are available at www.gesb.com.au/brochures
Salary sacrifice via payroll deduction	<ul style="list-style-type: none"> Check with your employer first. Complete the 'Super Contributions - Payroll Deduction' form and give it to your employer.
Personal after-tax contributions via regular payroll deduction	<ul style="list-style-type: none"> Check with your employer. Complete the 'Super Contributions - Payroll Deduction' form and any necessary forms required by your employer and give all completed forms to your employer.
Lump-sum contributions	<ul style="list-style-type: none"> Register with Member Online and use the B_{PAY} option OR Complete the 'Super Contributions' form and attach your cheque or money order. Send your completed form and cheque or money order to GESB.
Tax-deductible personal contributions	<ul style="list-style-type: none"> Register with Member Online and use the B_{PAY} option OR Complete the 'Super Contributions' form and attach your cheque or money order. Send your completed form and cheque or money order to GESB.

You may wish to seek advice for your personal circumstances from a qualified financial adviser. GESB members have access to GESB Financial Advice (ABN 24 121 814 579) AFSL 309268), a wholly owned subsidiary of GESB. For more information, visit gesbfinancialadvice.com.au or contact your Member Services Centre on 13 43 72.

7. Personal after-tax contributions

You can also add to your GESB account by making personal contributions on a regular or ad-hoc basis.

On a regular basis

Personal after-tax contributions (also known as non-concessional contributions) are deducted from your after-tax pay each pay period, with the amount listed on your pay slip. You can start, stop or change your personal contributions at any time, just by letting your employer know.

On an ad-hoc basis

You can make lump-sum contributions of \$20 or more by B_{PAY}[®] whenever you like. B_{PAY}[®] is an easy and convenient way to make a lump-sum contribution by phone or internet, from your bank, credit union or building society account. Please note payments cannot be accepted from credit card accounts.

How to use B_{PAY}[®]

- Log on to Member Online at gesb.com.au (you will need to register first if you haven't already done so).
- Select the B_{PAY}[®] menu option and make a note of the Biller Code and your unique Reference Number for your GESB account.
- Call your financial institution's telephone banking service or use their internet banking service by following the links in Member Online.
- Once you have completed your B_{PAY}[®] transaction, remember to record your receipt number or print a copy for your records.

If you do not have access to B_{PAY}[®], you can also make a lump sum personal contribution by cheque or money order. All you need to do is complete a 'Super Contributions' form and enclose your cheque or money order.

[®] Registered to B_{PAY} Pty Ltd ABN 69 079 13 518.

8. Spouse contributions

In addition to personal voluntary contributions, you can also add to your retirement savings through contributions that are designed to benefit you and your spouse:

Who can make spouse contributions?

As a member of GESB, you can make a spouse contribution on behalf of:

- Your husband or wife, or
- Your de facto partner who lives permanently with you on a bona fide domestic basis (including same sex partners)

What are the tax benefits of making spouse contributions?

- **Tax offset** - If your spouse or partner's assessable income plus reportable fringe benefits and reportable employer super contributions is less than \$10,800 for the financial year, the first \$3,000 of spouse contributions entitles you to an 18% tax offset. This is up to a maximum of \$540 per year. Your spouse or partner can earn up to \$13,800 for the financial year for you to receive a partial tax offset. If your spouse or partner earns more than this, no tax offset can be claimed. You must fulfil all the criteria to qualify for the tax offset.
- **Spouse contributions are tax-free** - Spouse contributions which qualify for the tax offset are not subject to contributions tax. They are counted towards your spouse's or partner's non-concessional contributions cap. This means they are also tax-free upon withdrawal.
- **Lower tax on final benefit** - Payments from your spouse's or partner's account may attract a lower tax rate than is applicable to benefits paid from your account. If your spouse or partner accumulates a limited amount of super benefits before they retire, their final benefit may fall within the low rate cap which means their final benefit is taxed at a lower rate or not at all.
- **Member benefits for your spouse** - Your spouse or partner can also access the GESB member benefits if they don't already have a GESB account.

➔ To find out more about the eligibility criteria and the tax benefits, see the 'Spouse contributions' brochure at www.gesb.com.au/brochures. To help you decide if these benefits apply to you, you may wish to obtain professional financial advice.

Are there limits to access?

As with any other contribution to super, spouse contributions may not be accessed until a superannuation condition of release, such as retirement is met.

➔ To find out more, please refer to the 'Accessing your super' fact sheet at www.gesb.com.au/pib.

Contribution splitting

GESB allows contributions made to your GESB account to be split with your spouse or partner. By splitting your super benefits, single income families can make use of the same taxation incentives available to dual income families.

You can split concessional contributions, such as employer contributions, salary sacrificed contributions and personal contributions for which a tax deduction has been claimed. The amount and type of contribution you can split depends on whether you contribute to West State Super or GESB Super. To read more, see the 'Contribution splitting' fact sheet available at www.gesb.com.au/brochures.

There are a number of circumstances where contribution splitting might be beneficial to you and your spouse or partner. These include:

- If you are younger than your spouse or partner and they retire before you, they can access the 'benefit' earlier and you can both benefit from earlier access, rather than having to wait until you reach retirement age.
- If you and your spouse or partner are aged between 55 and 59 and permanently retire, tax may apply when accessing super benefits. By splitting your concessional contributions with your spouse or partner you can effectively access two low rate caps. This is \$165,000 for the 2011/12 financial year, therefore you could access up to \$330,000 at a lower tax rate.
- If you split with a spouse or partner who is younger than you, it may enable you to maximise your Centrelink entitlements.

➔ To find out more about splitting your contributions with your spouse or partner, and to see if they are eligible, download the 'Contribution splitting' fact sheet from www.gesb.com.au/brochures.

9. Commonwealth Government Superannuation Co-contribution payment

The Commonwealth government will match part or all of your personal after-tax contributions if you earn less than \$61,920¹ in the financial year. For every dollar of personal after-tax contributions you put into your super up to \$1,000, the government will match it with up to \$1. So you could be eligible for up to \$1,000 a year, depending on your assessable income for that financial year.

Total income [#]	Personal contribution* required	Maximum super co-contribution which is available
\$31,920 or less	\$1,000	\$1,000
\$35,920	\$867	\$867
\$39,920	\$733	\$733
\$43,920	\$600	\$600
\$47,920	\$467	\$467
\$51,920	\$333	\$333
\$55,920	\$200	\$200
\$59,920	\$67	\$67
\$61,920 or more	N/A	Nil

[#] Total Income is the sum of your assessable income plus reportable fringe benefits and reportable employer superannuation contributions.

* Personal contributions must be made from after-tax salary to be eligible. Salary sacrificed contributions do not qualify for the Commonwealth Government Superannuation Co-contribution payment.

Eligibility requirements

You may qualify for a super co-contribution payment when you make a personal after-tax contribution to GESB Super within the financial year on which you are being assessed. To qualify, you must also:

- Meet the relevant income thresholds
- Lodge an income tax return
- Be less than 71 years of age at the end of the financial year
- Have at least 10% of your total income earned from eligible employment, running a business or a combination of both, and
- Not hold an 'eligible temporary visa'

¹ Higher income threshold for 2011/12. (Indexation may be frozen for financial year 2012/13 subject to further legislation.)

How these payments are made

GESB reports members' contribution details to the Australian Taxation Office (ATO) by 31 October each year. The ATO will use this information, together with your tax return, to determine what super co-contribution payment, if any, is payable.

Payments will be made by the Commonwealth government directly into your GESB account. If you have closed your account in the interim period, the payment will be returned to the ATO and redirected to you or your other super fund.

Salary sacrificed contributions do not attract a super co-contribution payment, because they are made from before-tax salary and are treated as employer contributions for tax purposes. You may wish to pay some or all of your contributions after tax instead of using salary sacrifice if you are eligible for the super co-contribution.

You don't need to apply

The ATO will determine your eligibility from details provided on your income tax return and information provided by GESB. If you're eligible, the super co-contribution will be paid directly into your GESB account.

For tax purposes, the super co-contribution does not count towards your non-concessional contribution cap and must be preserved in your account. To find out more about the Commonwealth Government Superannuation Co-contribution, go to the GESB website or you can contact the ATO Superannuation Infoline on 13 10 20 or log on to www.ato.gov.au/super.

➔ Use the Super Co-contribution calculator to work out your maximum entitlement at www.gesb.com.au/calculators.

10. Consolidating or rolling over your super

Every time you've changed jobs, your employer may have opened another super account for you.

Keeping track of these scattered amounts of accumulated super can be a hassle, and it's likely that money in these separate super accounts is being eaten up by duplicate fees and charges.

Benefits of rolling over your super

Consolidating or rolling over all your super funds into GESB has many benefits:

- Paying one set of fees instead of duplicate fees leaves you with more money for your retirement.
At GESB you'll pay low ongoing administration fees, no entry fees and we don't charge anything to consolidate your funds for you.
- Receiving one comprehensive six-monthly statement means you receive less paperwork.
- Choosing to have one super fund manage your entire super in one place makes your life simpler.
- Focusing your investment strategy in one fund provides the opportunity for better returns.
- Monitoring the performance of just one fund is less confusing and time consuming.

Making super consolidation simple

Our 'Super Consolidation' service has been specifically designed to remove the hassle from the roll over process.

All you need to do is complete a 'Super consolidation' form for each separate super benefit you want to roll over into your GESB account. We are happy to accept photocopied forms but you must sign each photocopy with an original signature and provide certified ID with each form.

Once we've received your completed 'Super consolidation' form, we'll contact your other fund(s) to arrange the rolling of your super into your GESB account. We'll confirm each roll over in writing once it's complete.

The funds you're consolidating to your GESB account will be invested according to your chosen investment plan. If you haven't made an investment choice, all funds will be invested automatically in the default investment plan: the Balanced Growth plan for GESB Super or the Balanced plan for West State Super.

Important note you must read:

i You may be charged an 'exit fee' when withdrawing your super from your other fund(s). We recommend that you contact your other fund(s) to find out the value of your benefit, details of all applicable fees and impact on insurance coverage. Your rolled-over super will be classified as either 'preserved' or 'non-preserved' benefits. If you wish to cash any 'non-preserved' benefits, please check with us first before rolling-in.

The earnings on any non-preserved benefits that you roll over into GESB will be preserved. You will not be able to access them until you meet a superannuation condition of release, such as retirement.

UK pension transfers

GESB Super and West State Super are registered as a Qualifying Recognised Overseas Pension Scheme (QROPS) by Her Majesty's Revenue and Customs (HMRC) and can accept UK pension transfers. There are eligibility requirements and limits on the amount that can be transferred.

Australian tax legislation treats UK pension transfers as a personal contribution made by you, and there are conditions that must be met before GESB can accept your UK pension transfer.

To assist you, we have developed an information pack, 'Transferring your UK Pension', which can be downloaded from www.gesb.com.au/brochures or is available from your Member Services Centre on 13 43 72.

GLOSSARY OF SUPER INDUSTRY TERMS

Term	
Assessable income	This is income that can be taxed, provided you earn enough to exceed your tax-free threshold. It is the amount before you deduct all the expenses that you are allowed to claim. Examples of assessable income include salary and wages, dividends, interest and rent. Assessable income also includes net capital gains, Eligible Termination Payments (ETP) and other amounts that are not ordinarily classed as income.
Average weekly ordinary time earnings (AWOTE)	The average wage of employees in Australia, published by the Australian Bureau of Statistics. It is an annual index used in relation to thresholds and limits for super benefits and Superannuation Guarantee.
Concessional contributions	Generally, these are employer contributions and personal contributions that you notify your fund you intend to claim as an income tax deduction. Employer contributions include super guarantee contributions and contributions made under a salary sacrifice arrangement. These contributions are generally taxed at 15% as they enter the fund, which is often referred to as contributions tax. Concessional contributions are sometimes called before-tax contributions.
Concessional contribution cap	The limit on the amount of concessional contributions you and your employer can make each year before you must pay extra tax. Concessional contributions made to a constitutionally protected fund like West State Super are excluded from being counted towards the person's concessional contributions cap.
Consolidating super	'Consolidating' is also known as 'rolling over'. Both terms describe the action of bringing any money held in super accounts with other providers into one super account. In this case, the one super account would be with GESB. Australian tax legislation treats UK pension transfers as a personal contribution made by you.
Employer contributions	This is a contribution employers make for their employees to a super fund. It includes salary sacrificed amounts. These are deductible (subject to certain rules) to employers and are generally assessable contributions to the super fund.
Flood levy	The Commonwealth government has introduced a Temporary Flood and Cyclone Reconstruction Levy known as the 'Flood levy'. This applies for the 2011/12 financial year only.
Indexed	Linked to an index to ensure returns are not adversely affected by any increase in CPI, inflation, etc. When contributions are 'indexed' it means the growth is adjusted, to a higher amount, to take account of elements like inflation which can erode investments over the long term.
Low rate cap	The low rate cap is the limit set on the amount of the taxable component of a super lump sum benefit that you can receive at a lower (or nil) rate of tax. The low rate cap applies if you have reached your preservation age (currently 55 if born before 1 July 1960) but are below 60 and is \$165,000 for the 2011/12 financial year.
Lump-sum contributions	These are one-off contributions you make to your super
Medicare levy	Medicare is the scheme that gives Australian residents access to health care. To help fund the scheme, most taxpayers pay a Medicare levy of 1.5% on their taxable income.
Non-cash benefits	A non-cash benefit includes property or services in any form except money therefore payment in any form in lieu of money, for example salary sacrificed contributions made to super
Non-concessional contributions	Generally, these are contributions your fund does not pay tax on because you have paid tax already. These include personal contributions that you are not allowed as a personal super deduction and contributions made by your spouse to your super account on your behalf. They are sometimes called after-tax contributions.
Non-concessional contributions cap	The limit on the amount of non-concessional contributions you can make each year before you pay extra tax. This cap applies to contributions made to both GESB Super and West State Super and other superannuation funds. To read more about contribution limits, turn to page 4.
Ordinary time earnings	Ordinary time earnings are generally what you earn for your ordinary hours of work, including: <ul style="list-style-type: none"> ● Over-award payments ● Bonuses ● Commissions ● Allowances
Personal (after-tax) contributions	These are non-concessional contributions you choose to make to your superannuation fund from your after-tax income.
Reportable employer super contributions (RESC)	Reportable employer superannuation contributions are salary sacrifice or extra super contributions made by your employer. Super guarantee contributions or contributions made under a collectively negotiated industrial agreement are not reportable employer super contributions. Reportable employer superannuation contributions can affect your tax liability and your access to a wide range of government benefits.

Term	
Reportable fringe benefits	<p>A <i>fringe benefit</i> is a benefit either you or an associate, such as your spouse or children, receive because of your employment. A benefit is any right, privilege, service or facility you receive, eg the use of something (like a car, house or equipment), ownership of something (such as items of clothing) or enjoyment of a privilege or facility (such as staying at a holiday home).</p> <p>A <i>reportable fringe benefit</i> occurs when the value of certain benefits provided to you exceeds \$2,000 (in a FBT year). Your employer must record the grossed-up taxable value of these benefits on your payment summary for the corresponding income year.</p>
Rolling over super	<p>Also referred to as ‘consolidating super’. Both terms describe the action of bringing any money held in super accounts with other providers into one super account. In this case, the one super account would be with GESB.</p> <p>Australian tax legislation treats UK pension transfers as a personal contribution made by you.</p>
Salary sacrifice	<p>This is commonly used to provide an employee with benefits, such as super contributions, in return for the employee agreeing to a reduction of their salary. It has the potential to save the employee income tax.</p> <p>Salary sacrificed contributions are employer contributions and will count toward your concessional contributions cap. Concessional contributions made to a constitutionally protected fund like West State Super are excluded from being counted towards the person’s concessional contributions cap.</p> <p>Super contributions your employer makes for you under a salary sacrifice arrangement are reportable employer super contributions (RESC).</p>
Superannuation Guarantee, ‘SG’ contribution (employer contribution)	<p>Also known as ‘SG’, mandated or employer contributions. These are payments that your employer is required by law to pay into your super fund. Your employer generally contributes 9% of your eligible salary and these payments will likely be itemised on your pay slip.</p>
Super Co-contribution	<p>The super co-contribution is a Commonwealth government measure to boost super savings. Subject to certain conditions and income limits, the Commonwealth government will match personal after tax contributions up to \$1,000.</p>
Tax-free component	<p>The tax-free component is generally made up of:</p> <ul style="list-style-type: none"> ● Your personal contributions not claimed as income tax deductions; ● Commonwealth Government Superannuation Co-contribution; and ● Spouse contributions
Tax offset	<p>Tax offsets (sometimes also referred to as rebates) directly reduce the amount of tax you must pay. They are not the same as deductions, which are taken off your income before your tax is worked out.</p> <p>With a tax offset, the ATO work out the tax due on your taxable income then reduce it by the total amount of your tax offsets.</p>
Taxable component	<p>The taxable component is the value of the superannuation interest less the tax-free component. This component may consist of a ‘taxed element’ and an ‘untaxed element’ depending on the source of the superannuation monies. For example, West State Super is an untaxed fund and the taxable component in that fund will generally consist of an untaxed element. However, GESB Super is a taxed fund and the taxable component will be a taxed element.</p>
Taxed scheme	<p>A ‘taxed scheme’ is a super fund where tax is paid on contributions and earnings. Most people have their super accounts in taxed funds. GESB Super is a taxed scheme.</p>
Untaxed scheme	<p>Rather than paying tax up-front, tax is charged when a benefit is paid or a roll over is made from the scheme.</p> <p>If you have an untaxed scheme, neither the contributions made into your account nor your investment earnings are taxed until you leave the fund.</p> <p>West State Super is an untaxed scheme.</p>

How to contact us

 Member Services Centre 13 43 72  Facsimile 1800 300 067  gesb.com.au
 PO Box J 755, Perth WA 6842  Level 4 Central Park, 152 St Georges Terrace, Perth

Important Note: This brochure for Contributions to GESB Super and West State Super is an important document. You should read the entire document so you can understand how the schemes operate. The information contained in this brochure is of a general nature only. It is not based on your personal objectives, financial situation or needs. You are encouraged to seek assistance from a qualified financial adviser before making any decision as to how appropriate GESB Super or West State Super is for your objectives, financial situation or needs. The information in this brochure may change from time to time. You can obtain updated information by visiting our website, gesb.com.au, or calling your Member Services Centre on 13 43 72.