



Contributions

This Fact Sheet is dated 1 July 2010 and incorporates by reference additional information into the Rollover and Account-Based Pension Plan PDS dated 1 July 2010.

Overview

This Fact Sheet details the types of contributions that the Plans will accept and the rules around how these contributions can be made or on what premise they may not be accepted.

The Rollover Plan accepts contributions which generally fall into two categories, non-concessional and concessional (i.e. tax deductible personal contributions), which could also be referred to as un-taxed and taxed or personal and employer respectively.

The Account-Based Pension Plan accepts superannuation lump sum payments only. In most circumstances you can boost your account-based pension by making additional contributions to the Rollover Plan before commencing the Account-Based Pension. Any additional superannuation lump sums you receive after the initial contribution must each be invested in separate Account-Based pension accounts, unless they can first be aggregated in the Rollover Plan.

This Fact Sheet will also provide information regarding Tax File Numbers (TFN) and how not providing this could affect the acceptance and taxation of contributions.

Non-concessional contributions

Non-concessional contributions are personal contributions which are paid from after-tax salary or contributions paid on your behalf by your spouse. These contributions are not taxed (if within the cap amount) either when contributed to or withdrawn from super. Any concessional contributions that you make that exceed the concessional contributions cap will also be treated as non-concessional contributions. This means that in addition to the 15% contribution tax deducted, an additional tax of 30% plus the Medicare Levy of 1.5% will be payable. These contributions can be made periodically or as single amounts.

Non-concessional contributions cap

Under current legislation there is a cap on the amount of non-concessional contributions that you can make in a financial year.

Non-concessional contributions are currently capped at \$150,000 (this amount is linked and capped at six times the concessional contribution limit¹) per year or if you are under age 65, \$450,000 over a three year period. Contributions in excess of the concessional contributions cap will count towards the non-concessional contributions cap.

For example, if you were to contribute \$450,000 in the current financial year, for the next two financial years you would not be able to make non-concessional contributions without exceeding the cap.

Amounts exceeding the cap

Any contributions made within the limit will not attract tax when withdrawn from super. If you exceed the non-concessional contributions cap, the contributions in excess of the cap will be taxed at the highest marginal tax rate plus the Medicare levy (this will be assessed by the Australian Taxation Office (ATO) and any tax payable will be payable by you). This is in addition to any tax you may have already paid in relation to these contributions. You must provide the ATO Release Authority to the Trustee within 90 days of the date of issue to release money from your superannuation account to pay the tax liability, either to the ATO or have the Trustee reimburse you from your superannuation account.

1 Currently \$25,000 p.a. and indexed from 1 July 2010 in line with Average Weekly Ordinary Time Earnings (AWOTE) and rounded down to the nearest \$5,000.

Acceptance of non-concessional contributions

The following conditions need to be satisfied for you to make non-concessional contributions:

- Your TFN must have been supplied. If your TFN has not been supplied the contribution will not be accepted and will be refunded to you.
- Personal contributions can be made at any time or with any frequency until you reach the age of 65.



- Between ages 65 and 74, you will need to satisfy the work test which requires that you have worked at least 40 hours in a period of not more than 30 consecutive days during the financial year to which the contributions relate.
- If you are over the age of 70 but less than 75, personal contributions can only be made directly by you for yourself. Spouse contributions will no longer be accepted.
- Persons aged 75 and over can no longer make personal contributions.

Rollovers and transfers in

The Plan accepts transfers of benefits from other superannuation funds, including superannuation split amounts resulting from a Family Law settlement or order and superannuation lump sum payments.

Government Super Co-contributions

The Federal Government will match personal contributions made by an eligible income up to a limit prescribed by the Government.

To qualify for a co-contribution, you must, in the financial year in which the personal contribution is made:

- Make personal non-concessional superannuation contributions to a complying superannuation fund or retirement savings account
- Have a total income (assessable income plus any reportable fringe benefits) of less than \$61,920
- Have earned at least 10% of your total income from eligible employment, running a business or a combination of both
- Not have held any eligible temporary resident visa at any time during the year
- Have lodged an income tax return for the year of income
- Be less than 71 years old at the end of the year of income.

The Commonwealth Government will contribute \$1.00 for every \$1.00 contributed to a maximum of \$1,000 (where the contributor's annual income is less than the lower income threshold of \$31,920).

The Co-contribution amount phases out as income increases at the rate of 3.333 cents in the dollar and is no longer available where the annual income is \$61,920 (the higher income threshold) or more. The income threshold amounts shown above are for the 2010/11 financial year. The minimum Co-contribution amount is \$20.00.

Tax deductible personal contributions (for Rollover Plan only)

You are eligible to contribute personal contributions for which you can claim a tax deduction if you are aged:

- Under 65; or
- Between 65 and 74 and have been gainfully employed for at least 40 hours in a period of not more than 30 consecutive days during the financial year.

You are unable to make personal contributions if you are aged 75 years or over.

You are only able to make personal contributions for which you intend to claim a tax deduction into the Rollover Plan if you earn less than 10% of your assessable income and reportable fringe benefits for the year from employment-related activities, (that is, through being an employee rather than being self-employed).

A tax deduction may be available on contributions up to the concessional contributions cap of \$25,000 per person per year². To claim a tax deduction, instructions need to be provided to the Trustee before:

- You lodge your income tax return
- The end of the following financial year
- You request us to split contributions
- You commence a pension or
- You rollover to another super fund.

Once these periods have lapsed, you are unable to claim or amend a tax deduction notice. You must also be a current member of the Rollover Plan to claim a deduction. It is important that you speak to your financial planner before claiming a tax deduction.

2. A transitional concessional contributions cap of \$50,000 per person per year will apply until 30 June 2012 for members aged 50 or over at any time up to this date.

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Members should not rely solely on this information and should consider their own personal objectives, financial situation and needs before acting on this information. Prior to making any investment decision you should obtain and consider the relevant Product Disclosure Statement (PDS) pertaining to your Scheme membership and seek professional investment advice. Date issued: 1 July 2010.