



Contributions

This Fact Sheet is dated 1 August 2009 and incorporates by reference additional information into the Accumulation, Executive and Electrical Contractors Product Disclosure Statements dated 1 August 2009.

Overview

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

Contributions generally fall into two categories, concessional and non-concessional, which could also be referred to as taxed and un-taxed or employer and personal respectively.

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

Concessional contributions

Concessional contributions are contribution's which are paid by your employer as either part of their obligatory requirements or on your behalf out of pre-tax salary. All concessional contributions are taxed at 15% provided you have supplied the Scheme with your TFN.

Types of concessional contributions

Compulsory Superannuation Guarantee contributions

You are entitled to a minimum employer contribution of 9% of salary (ordinary time earnings) known as the Superannuation Guarantee (SG).

Award contributions

These are contributions which are required under an award or agreement secured by your Union which may count towards SG. Some contributions can be in addition to SG.

Additional employer contributions

Additional contributions paid by your employer which could be the result of a salary packaging agreement.

Salary sacrifice

Amounts deducted from your pre-tax salary for the purpose of contributing to superannuation.

Self-employed contributions

Contributions by a self-employed person who meets the conditions for a tax deduction.

Concessional contributions cap

Under current legislation there is a cap on the amount of concessional contributions that you and/or your employer can make in a financial year. Amounts in excess of the cap will also count towards the non-concessional cap.

The current concessional cap level is \$25,000 p.a. (this amount will be indexed to Average Weekly Ordinary Time Earnings but will only increase in \$5,000 increments). Contributions within the cap will be taxed at 15%.

Amounts in excess of this cap will be taxed an additional 30% plus the Medicare levy which the Australian Taxation Office (ATO) will charge to you directly. If the ATO notifies you that an additional tax amount is to be paid for amounts in excess of the cap, you can nominate the Scheme to release monies from your account to pay the liability or you can pay the ATO directly.



Transitional arrangements

Until 30 June 2012 people who are aged 50 and above have a non-indexed concessional contributions cap of \$50,000 per financial year. Amounts in excess of this cap are treated the same as the normal cap.

Non disclosure of TFN

If you or your employer have not provided your TFN by the end of the financial year then:

- In the case of an account opened after 1 July 2007, all of your employer's concessional contributions will be taxed at the top marginal rate, plus the Medicare levy and
- In the case of an account opened on or before 1 July 2007, where your annual contribution exceeds \$1,000, all of your concessional contributions will be taxed at the top marginal tax rate, plus the Medicare levy.

In the case of self-employed contributions or other personal contributions, these cannot be accepted without a TFN.

If you do not provide your TFN by the end of the financial year and the additional tax is deducted, you can still provide your TFN and apply to have the additional tax refunded. However, additional tax will only be able to be refunded if the TFN is received within three years of the year in which the contributions were made and the additional tax was deducted.

If we have paid the additional tax to the ATO, there will generally be a considerable delay before any tax paid can be reclaimed because the application can only be made when we lodge our next tax return. If you leave the Scheme before any additional tax can be reclaimed from the ATO, your super payout will be reduced. You will not be able to request a refund of this additional tax paid after you have left the the Scheme.

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.

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 capped at \$150,000 (this amount is linked and capped at six times the concessional contribution limit) per year. However, those under age 65 can bring forward two years' worth of contributions, giving them a cap of \$450,000 over three years. Contributions in excess of the concessional cap will count towards the non-concessional 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 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 ATO and any tax payable will be payable by you). 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.

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 to the Scheme. 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 up till you reach age 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 age 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 Scheme accepts transfers of benefits from other superannuation funds, including superannuation split amounts resulting from a Family Law settlement or order and superannuation lump sum (SLS) payments.

Government Super Co-contributions

The Federal Government makes contributions to the superannuation account of an eligible income earner of up to an amount equal to the personal contributions made by the income earner.

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 2009/10 financial year. The minimum Co-contribution amount is \$20.00.

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