

TASMANIAN ASSOCIATION OF STATE
SUPERANNUANTS
SUPER-NEWS

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The Newsletter for and by TASS members

35 Years Old

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**TASS
General Meeting
Tuesday 18th August
50 and Better Centre
108 Bathurst St.
1.30pm Lower meeting room**

EDITORIAL

By now those who are required to submit a tax return should have completed this task. Many will get a pleasant surprise in that they will not be required to submit a return this year, others will be pleased with the lower tax burden. Keep in mind that although TASS does not claim to be directly responsible for these improvements, be assured that if organisations such as TASS did not represent the views of Superannuants these changes would not have resulted.

Compiling Super-News does involve a significant time input, especially so when developing an article. In the last issue was such an item titled 'Who pays our Super?' There have been a number of positive comments on the item, but one was especially heartening. It came from Celia. While Celia did not disclose her age, she is very alert and from other comments that she made, I would assume is close to 90. Thank-you Celia.

Our Previous president, Rob van Schie together with his wife Noelene, are away on a well deserved holiday. However, typical of our executive, I have received items by email from Rob., which are included later in this issue.

Rob's item on page 7 relates to pre July 1983 excess superannuation contributions and how these can benefit Centrelink eligibility. The item from Malcolm Kays on page 6 should also be of interest to members. *Ed.*



Meetings

August General Meeting

50 and Better Centre
108 Bathurst St
Tuesday 18th August
Starting at 1.30

Executive Meetings
Tuesday 15th September
Tuesday 17th October

THE AUGUST GENERAL MEETING

For this general meeting we have again chosen the very easy access location of "The 50 and better Centre". This location is opposite to the car park and also close to most busses, to allow as many of our members to attend. For this meeting there will be general discussion on the changes to taxation and Superannuation and how this will affect us all. If you have any questions you would like answered, please try and attend. You would be most welcome.

CHRISTMAS LUNCHEONS

We are again holding our well attended Christmas luncheons in both the North and South of the State.

Final details including costs and times will be included in the November Super-News but a booking has been made for the Hobart function for Wednesday November 18th at Drysdale House.

While the Northern booking is not yet finalised, it also will in November and details will appear in the next Super-News. We do hope to see you there at either function.

Pneumococcal Vaccination

Did you realise that pneumonia is a disease that is particularly dangerous to the over 65s?

Also that pneumococcal vaccination is available free. One vaccination at 65 with a booster 5 years later. With the flu season active, now is the time if you have not been vaccinated recently. See you local G.P. *Ed*

Members may have noticed the following letter from our President which was printed recently in The Mercury newspaper on 20 July 2009.

Pension rules hurt self-funded retirees

THE recent decision by the Federal Government to increase Centrelink' pensions from September 20 this year is a welcome initiative and is to be commended.

Unfortunately, part of the cost of these improvements is to be met by reducing existing entitlements of part-pensioners with only modest levels of private income such as superannuation.

At present, elderly retirees with low-level assets and an income of more than \$69 per week for singles or \$120 per week for couples many receive a part-pension: In the future the eligibility rules will be tightened to their detriment.

Instead of the amount of pension being calculated by discounting the full pensions figure by 40c for each \$1 of private income, the Government has decided that the discount figure will be 50c in the dollar.

Coinciding with other changes, the effect may not be immediate to individuals but the obvious long term implications are disturbing and indicative of a bias against elderly self-funded retirees, including superannuants.

Not only will part-pensions be lower than they otherwise would have been but some retirees will no longer be eligible for any pension and therefore not qualify for health and other pensioner discounts which are vital to assist elderly people of limited means.

**Tony Robinson
President, Tasmanian
Association of State Superannuants**

Tony also continued on the same theme in information forwarded to Super-News as follows

“This latest initiative by government is of course consistent with previous instances where superannuants have been unjustly discriminated against.

Two obvious examples come to mind.

- **Indexation of RBF pensions by movements in the Consumer Price Index (CPI)**
- **Eligibility for the Commonwealth Seniors Health Card.**

Whilst for many years now governments have closed their minds to the inadequacy of CPI superannuation pension adjustments (despite the recommendations of a Senate Select Committee), much improved arrangements are to be given to Centrelink pensioners in this regard. Under a newly announced arrangement, not only will their pensions be increased by the higher of CPI or a newly created ‘pensioner and beneficiary cost of living index’, but the effective benchmark for the single pension will also be increased from 25% to 27.7% of MTAW. But note this, the CPI will still be used to index the relevant thresholds!

Eligibility for the Commonwealth Seniors Health Card has been frozen at an income level which was set many years ago and as TASS has pointed out, is in need of revision.

The challenge now is for TASS to respond further to what has occurred.”

Profound Statements

- 1. In my many years I have come to a conclusion that one useless man is a shame, two is a law firm and three or more is a congress.
-- John Adams**
- 2. If you don't read the newspaper you are uninformed, if you do read the newspaper you are misinformed.
-- Mark Twain**
- 3. Suppose you were an idiot. And suppose you were a member of Congress. But then I repeat myself.
-- Mark Twain**
- 4. I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.
-- Winston Churchill**
- 5. A government which robs Peter to pay Paul can always depend on the support of Paul.
-- George Bernard Shaw**
- 6. A liberal is someone who feels a great debt to his fellow man, which debt he proposes to pay off with your money.
-- G. Gordon Liddy**
- 7. Democracy must be something more than two wolves and a sheep voting on what to have for dinner.
-- James Bovard, Civil Libertarian (1994)**
- 8. Foreign aid might be defined as a transfer of money from poor people in rich countries to rich people in poor countries.
-- Douglas Casey, Classmate of Bill Clinton at Georgetown University**
- 9. Giving money and power to government is like giving whiskey and car keys to teenage boys.
-- P.J. O'Rourke, Civil Libertarian**
- 10. Government is the great fiction, through which everybody endeavours to live at the expense of everybody else.
-- Frederic Bastiat, French Economist (1801-1850)**
- 11. Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.
-- Ronald Reagan (1986)**
- 12. I don't make jokes. I just watch the government and report the facts.
-- Will Rogers**
- 13. If you think health care is expensive now, wait until you see what it costs when it's free!
-- P.J. O'Rourke**
- 14. In general, the art of government consists of taking as much money as possible from one party of the citizens to give to the other.
-- Voltaire (1764)**
- 15. Just because you do not take an interest in politics doesn't mean politics won't take an interest in you!
-- Pericles (430 B.C.)**

**16. No man's life, liberty, or property is safe while the legislature is in session.
-- Mark Twain (1866)**

**17. Talk is cheap...except when Congress does it.
-- Anonymous**

**18. The government is like a baby's alimentary canal, with a happy appetite at one end and no responsibility at the other.
-- Ronald Reagan**

**19. The inherent vice of capitalism is the unequal sharing of the blessings. The inherent blessing of socialism is the equal sharing of misery.
-- Winston Churchill**

**20. The only difference between a tax man and a taxidermist is that the taxidermist leaves the skin.
-- Mark Twain**

**21. The ultimate result of shielding men from the effects of folly is to fill the world with fools.
-- Herbert Spencer, English Philosopher (1820-1903)**

22. There is no distinctly native American criminal class...save Congress.

-- Mark Twain

23. What this country needs are more unemployed politicians.

-- Edward Langley, Artist (1928-1995)

24. A government big enough to give you everything you want, is strong enough to take everything you have.

-- Thomas Jefferson



Those of my generation may remember an English comedian Tommy Cooper. Below are some of his one liners.

- **Two Aerials meet on a roof-fall in love-get married. The ceremony was rubbish but the reception was brilliant.**
- **Man goes to the doc, with a strawberry growing on his head. Doc says "I'll give you some cream for that"**
- **Doctor, I can't pronounce my F's and H's. "well you can't say fairer than that then"**
- **What do you call a fish with no eyes? A fsh**
- **Two cannibals eating a clown. One says to the other "does this taste funny to you?"**
- **I had a ploughman's lunch the other day. He wasn't very happy.**
- **I went to buy some camouflage the other day but could not find any.**
- **A man walked into the doctors, the doctor said "I haven't seen you in a long time" The man replied "I know I have been ill"**

What proportion of your total RBF pension is tax-free?

Many TASS members would be interested to know what percentage of their superannuation pension is actually tax-free, but RBF has never formally advised its pension recipients with regard to this matter.

The oft-quoted ‘norm’ for these pensions is 30% tax-free, but many factors intervene to produce a wide range of different proportions. Your tax-free percentage will generally be higher than 30% if you put more of your own money than required into your superannuation. This would be the case, for instance, if you ‘purchased service’, or if you elected to have salary deductions made at a rate higher than the standard level (which was 5.5% up until 1994 and 5% thereafter). Even if you did contribute more of your own money than required, the positive effect of such an act can be counteracted by various negative factors. If you took part of your super as a lump sum on retirement, for example, RBF would have allocated funds arising from your own contributions to that sum, in order to reduce the taxation on your payment. Although this was highly beneficial at the time, it meant that some or all of your own contributions had been ‘used up’ and were no longer available to boost your tax-free component when ‘Better Super’ was introduced in 2007. Another, more-complex, negative factor is the amount of the ‘undeducted purchase price’ (UPP) that had been used up between when you retired and when the ‘Better Super’ scheme was implemented. (If you retired before that date, your total UPP figure [the amount deemed to have arisen from your own contributions] was divided either by your remaining life expectancy at retirement or by that of your partner, depending on who was the younger, and the resultant figure was then available to you each year as a taxation deduction. When Better Super was introduced, the sum total of these deductions claimed was regarded as your ‘used UPP’ figure, and was subtracted from the original UPP total. Only the remaining portion—if any—was available to boost the tax-free component of your pension under the new scheme. Members who had outlived their original life expectancy at retirement by 1 July 2007 would have had no un-used UPP funds left.) Given factors like these, your actual tax-free proportion could be considerably less than or considerably greater than 30%.

How can you compute your tax-free proportion? This is a simple matter, provided you can work out what your gross pension payment was for last financial year. This cannot be derived by adding the twenty-six RBF ‘pay day’ deposits into your bank account, as those payments have already had tax—and possibly also private health fund premiums etc.—deducted from them. Instead, locate the letters sent to you by RBF on 16 July 2008 and 30 December 2008. On each of these, a fortnightly gross income figure is presented. Add these two figures together and multiply the sum by 13, and you will have your gross pension income for 2008–09. Now locate the PAYG payment summary sheet sent to you by RBF in July this year, and find the figure presented in the box labelled ‘Untaxed element+’. If you divide this figure by your gross income for the financial year and convert it to a percentage, you will have the proportion of your pension that is subject to taxation. You can then simply deduct that % figure from 100 to find the tax-free proportion for your pension.

If you were under 60 for part or whole of last financial year, this method will not provide the correct result. It is still possible to calculate your tax-free proportion, but the calculations are much more complex. If sufficient interest is expressed, an article on how to calculate the proportion in these circumstances could be prepared for a future edition of *Super News*.

Malcolm Kays (Treasurer)

Pre-July 1983 excess superannuation contributions

Following the 2007 changes to superannuation the undeducted purchase price of your annual superannuation pension was replaced with a tax-free component based on post-July 1983 undeducted contributions.

However the RBF has recently advised the Tasmanian Association of State Superannuants that "the RBF will adjust the tax-free component of a RBF Contributory Scheme life pension in circumstances where a member paid superannuation contributions in excess of the annual deduction limit of \$1200 before 1 July 1983 provided that the member provides the Board with an appropriate letter or notice of authority from the Australian Taxation Office authorising the Board to make the adjustment to the tax-free component of the member's Contributory Scheme life pension, and specifying the amount of the adjustment."

Please note that the untaxed amount of your pension was determined by the Actuary and, if you had paid the normal 5% superannuation contribution over 40 years, the untaxed component of your pension will be 70%. This percentage will be different if you had paid more than 5% of your salary as contributions, and/or if you had elected to take part of your pension as a lump sum. The important point is that your untaxed component, the amount which is liable for tax assessment, is fixed. This component represents the employer's share of your Contributory Scheme pension for which no contributory tax has been paid.

The balance of your pension is the taxed+tax-free amount. The tax-free amount is based on the unused portion of the post July 1983 undeducted contributions as at 1 July 2007. Pre July 1983 excess superannuation contributions may increase your tax-free component. The tax-free component is used to calculate your assessable income for Centrelink purposes. Because your untaxed component is fixed it follows that your tax-free component cannot be greater than your annual pension amount less the untaxed component.

In summary your untaxed component, the amount of your pension subject to taxation, is fixed and is not affected by the tax-free component. Your tax-free component is important for Centrelink purposes only. Your tax-free component may be increased if you have pre July 1983 excess superannuation contributions.

You can request the Australian Taxation Office to supply you with any details of your pre July 1983 excess superannuation contributions by writing to

Australian Taxation Office
PO Box 3100
Penrith NSW 2740

and quoting your tax file number. Their reply should be forwarded to the RBF requesting that the tax-free component of your life pension be recalculated.

Rob van Schie

Effect of the Taper Rate Change on Existing Part Age Pensioner Couples

Assumptions

1. CPI is 2.5 %, MTAWA is 4.0%
2. At 20/9/2009 every age pension couple gets what they would have got without reform plus the reform increase of approx \$10 per week or \$520 p.a.
3. After 20/9/2009 all those couples with entitlements that are greater than those calculated using the new taper rate have the amount they are receiving indexed to the CPI and without any account being taken of the change in income threshold.
4. Private income is indexed to CPI

Private Income (\$p.a.)	Years before people are forced onto the new taper rate	Improvement (Detriment) from the taper rate change for increasing years elapsed after 20/9/2009				
		Years elapsed after 20/9/2009				
		1	4	6	8	10
20000	5	527	(673)	(892)	(917)	(942)
30000	7	527	(673)	(1608)	(2106)	(2191)
40000	10	527	(673)	(1608)	(2665)	(3440)
50000	12	527	(673)	(1608)	(2665)	(3854)
50000	13	527	(673)	(1608)	(2665)	(3854)

Comments:

1. the improvement of \$527 p.a. every couple will receive in the first year after 20/9/2009 will have changed to a detriment of \$673 p.a. by the fourth year after 20/9/2009.
2. as private income gets larger the longer it takes for a person to be forced onto the new taper rate and the greater is the detriment they experience from that point on.

Ray Hickman for SA Superannuants
June 2009

Members who were able to attend a general meeting in Hobart 3 years ago would have heard Ray Hickman speak on superannuation. As a previous State employee of the South Australian system, and one who has undertaken tertiary qualifications in Superannuation, all were impressed with his knowledge. The above item was formulated by Ray to help his South Australian superannuants (and us) understand some of the ramification of the Federal changes. *Ed.*

MY FOGETTER'S FORGOTTEN

(To tune of Glory Glory).

My forgetter's getting better,
But my rememberer is broke
To you that may seem funny
But, to me, that is no joke.

For when I'm "here" I'm wondering
If I really should be "there"
And, when I try to think it through,
I haven't got a prayer!

Of times I walk into a room,
Say "What am I here for?"
I wrack my brain, but all in vain!
A zero, is my score.

At times I put something away
Where it is safe, but Gee?
The person it is safest from
Is, generally me.

When shopping I may see someone
Say "Hi" and have a chat,
Then, when the person walks away
I ask me "who was that?"

Yes, my forgetter's getting better
While my rememberer is broke
And it's driving me plumb crazy
And that isn't any joke.

Our dynamos from the North of the State, Bert and June Hazzlewood are very accomplished in many areas. June at a 73 year old returned to University to obtain her Doctorate. Bert still plays a variety of instruments. Both are keen gardeners on a 2 acre garden, and have a life that is more active than most 30 year olds. But both will burst into a singing duet at the slightest provocation. Above is one of their many songs which may strike a cord with many of us. This particular song was performed at an earlier Northern Christmas luncheon. *Ed.*

Computer Help

Let's Talk about the Pros and Cons of Desktops and Laptops

I thought this topic was worth writing about as the choice between upgrading to a laptop as against a new desktop computer has become quite topical. With the price of laptops coming down to the same as a desktop we are faced with that happy decision. So let's think about all aspects so when a choice is made it is based on an informed decision and not the result of 'sales talk'.

Desktops

The first plus you think about with a desktop is the quality and ease of use of the monitor as well as the full size keyboard. Everything is easy to see and your fingers can fly over the keyboard (hopefully). The next positive is they run coolly and have plenty of room for upgrading and plugging in dozens of devices. There is room for large hard drives which can give virtually unlimited storage. The downside is that they are tied to your power point and your desk and when you have to take them for repair they are heavy and cumbersome. On the flip side those repairs are usually cheaper because the bigger box is easier to get into and the parts are less expensive to replace/upgrade.

Laptops

The most important feature of a laptop is the portability and the less space they take up on your desk. The laptop screen functions at its best in high resolution but it can be tiring to use for long periods. You can alter that so the type face is bigger by using the facility in the Control Panel. Hard disk space has limitations imposed by the size of the space for the hard-drive and the way everything is packed into such a small space. You can always hang a full screen monitor from them as well as a full size keyboard and an external hard drive but once you do that it suddenly becomes 'un-portable' and loses its best feature. Repairs to laptops have always been expensive and it pays to take out the three year warranty offered by most vendors. Battery life is improving but most people do not sit with them on their laps as they get quite hot and always seem to be at the wrong angle to see the screen properly. They are virtually impossible to use outdoors as the screens reflect too much light for the high resolution/shiny screens.

Summary

Desktops are good workhorses and give total ease of use and are usually cost effective to repair. They are straight forward to upgrade and are made to handle the attachment of almost unlimited devices. Laptops are excellent as they can be put away in a drawer if they are not being used and can be taken on visits away from home. Their capacity and battery

Computer Help

uptime have limits. Because it takes time to dismantle them they are usually expensive to repair particularly the screens. Even though you get used to using the smaller screen and keyboard it can be tiring on the eyes and a bit fiddly for people with large fingers. It comes down to how important is portability to you and how much time do you spend in front of the computer screen.

I hope this helps to give you a check list on which to base your decision should you be facing the decision to change your style of computer.

The following item has nothing to do with Computers and is a little bit politically incorrect, but is included for your amusement

Last month a world-wide survey was conducted by the UN.
The only question asked was:

"Would you please give your honest opinion about solutions to the food shortage in the rest of the world?"

The survey was a huge failure because of the following:

In Eastern Europe they didn't know what "Honest" meant.
In Western Europe they didn't know what "Shortage" meant.
In Africa they didn't know what "Food" meant.
In China they didn't know what "Opinion" meant.
In the Middle East they didn't know what "Solution" meant..
In South America they didn't know what "Please" meant.
In the US they didn't know what "The rest of the world" meant.

And finally.....In Australia they hung up because they couldn't understand the Indian accent!!

Did you Know?

On 10 June 1908, Australia became one of the earliest countries to legislate to provide a national Old age and Invalid pension scheme. Although some States did have schemes prior to this, from the first of July 1909, means tested senior Australians were paid a fortnightly payment of One pound twenty shillings. Records show that at the end of its first year of operation, there were about 65,000 age pensioners. The National pension system is therefore one hundred years old this year.

USEFUL CONTACT FOR MEMBERS

As a service to members TASS will include a section giving useful contact points (usually telephone numbers) which may be of value to members.

RBF Pension queries or death of a superannuant.....	1800 622 631
Australian Tax Office: income Tax inquiries.....	132861
Superannuation help.....	131020
Tax Refund.....	132863
CENTRELINK	
To book and appointment, regional office.....	131021
Pension enquiries.....	132300
Overseas Pensions.....	131673
Family enquiries.....	131305
Disability, sickness and carer.....	132717
Hearing or speech impairment.....	1800 000 587
Financial services	
Burnie.....	6434 1535
Devonport.....	6424 0665
Launceston.....	6332 8298
Hobart.....	6232 1555
Bellerive.....	6244 0566
Better Hearing Australia (Hobart) voluntary group.....	6228 0011

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PENSION LIMITS AS FROM July. 2009

INCOME TESTS

Part pension is possible for a couple receiving less than \$2,642 per fortnight
Single receiving less than \$1,581 per fortnight
For a pensioner couple separated by ill health, less than \$3,127 per fortnight

Commonwealth Seniors Health Card for a couple on less than \$80,000 per year
For single on less than \$50,000 per year

ASSETS TESTS (not including your home)

a) For Home owners	For Full Pension	For Part Pension
Single Pensioners	Up to \$178,000	Less than \$562,000
Couples(combined)	Up to \$252,500	Less than \$891,500
Couples Sep.due to ill health	Up to \$252,500	Less than \$1,020,500
b) For non-home owners		
Single Pensioners	Up to \$307,000	Less than \$691,000
Couples(Combined)	Up to \$381,500	Less than \$1,020,000
Couples Sep. due to ill health	Up to \$381,500	Less than \$1,149,500

If you change your address, would you please advise us of your new address?
Some members believe that advising RBF of a change will also involve that information coming to us. This is not so. RBF quite correctly keep their address data confidential and will not pass this information on to us. If we do not have your new address, we cannot send you Super-News.