



Tasmanian
Association of
State
Superannuants Inc.

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SUPER-NEWS

No: 2/23

Winter Edition

June 2023

TASS Forum

Tuesday 25 July 2023

- Topic:** Advocacy Tasmania and Defibrillator Demonstration
- Date:** Tuesday 25 July 2023
- Time:** 1.30pm to 3.30pm (including afternoon tea)
- Guest Speakers:** Eleanor Laud of Advocacy Tasmania
An off-duty Ambulance Tasmania officer
- Venue:** Motor Yacht Club of Tasmania (MYCT) 1 Ford Parade, Lindisfarne
(Access from East Derwent Highway, via Lincoln Street and Park Road there is plenty of parking available at the MYCT)
- RSVP:** By 5:00pm Wednesday 19 July 2023 to John Chalmers, 0409 491 245
or info@tass.org.au

Eleanor Laud will discuss the importance of aged care rights and aged care advocacy.

Human rights matter, and a focus on the human rights of older people is key to receiving high quality care. Older people receiving Australian Government-funded aged care have the right to safe and high-quality care that supports their identity, culture and diversity, and to have control and make choices about their lives. These rights are protected under the Charter of Aged Care Rights.

In this presentation Eleanor will share the benefits of older adults having an advocate in their corner, explaining how aged care advocates support older people to understand their rights, resolve concerns where these rights have been violated, and stay safe from harm and abuse.

Come along to hear Eleanor's presentation, and to see the demonstration on the use of defibrillators.

You are also sure to enjoy a pleasant afternoon tea with your fellow TASS members.

Please RSVP for afternoon tea catering purposes by **Wednesday 19 July** to John Chalmers, 0409 491 245 or info@tass.org.au.

President's Report

It has been a busy few months since I accepted the position of President at the AGM in March. Rarely does a week go by that there is not some issue or item which is of interest or concern for Defined Benefit pensioners.

Most recently we have held our Northern Forum which considered issues relating to aged care. As we all age the complexity of age care becomes an increasing concern and forums such as those held in the South and the North hopefully assist those that attended to navigate the complexity surrounding aged care.

Membership continues to be a concern for the Executive. It is not only a problem for TASS, but for all organisations across Australia that seek to represent and support retired public servants. I can only implore all members to seek out your retired colleagues and get them to join. Membership is not expensive, and with a strong membership base the Tasmanian Association of State Superannuants (TASS) is better able to represent your needs and concerns to government and RBF.

TASS continues to lobby on your behalf in respect to the 10% cap issue. We are most concerned that Senator Carol Brown has not replied to our recent correspondence seeking information on why the position of retired Tasmanian public servants is not a concern for the Albanese government. We lobbied hard prior to the election and were hoping that the incoming government would finally act to remove the 10% cap which has had a particularly cruel impact on many of our members. Senator Brown offered some hope, but the most recent commonwealth budget offered us no relief. We will, however, continue our efforts to have this cruel legislation repealed.

We have also sought a meeting with Ruth Forrest in relation to a recent media piece she penned which offered a negative view regarding our pensions. As I have written on a number of occasions governments over many decades now have made conscious decisions to meet the cost of our pensions as they fall due, rather than fund them during our working life for government. In effect government has borrowed from us to fund the provision of services and infrastructure which Tasmanians have enjoyed over those decades. We have been a cheap source of finance for the government. To somehow suggest our pensions are now a drain on the budget is simply highly misleading. Unlike other areas of government, such as debt accumulation, the provision of our pensions is a declining share of total government expenditure, and one which is clearly mapped out over the coming decades.

TASS, along with the Australian Council of Public Sector Retiree Organisations (ACPSRO), has made submissions to the commonwealth Treasurer and also Treasury in relation to the taxation of defined benefit pensions where the capital value of those pensions may be assessed as being greater than \$3 million. While such pensions relate to high income retirees, it is important that the reality of the position facing defined benefit pensioners is constantly reinforced. We are not the so called "fat cats" often referred to and generally face significant constraints when tax laws are changed after we have retired and taken up the option of a defined benefit pension. Others gain far more generous taxation arrangements than even the highest income defined benefit pensioners.

TASS has also assisted ACPSRO in making a submission to the commonwealth Treasury on the objective of superannuation.

I am also pleased to welcome two new members to the Executive, Chris Scott and Jeff Garsed. These two new members bring with them some fresh ideas and some different ways of thinking and that will assist the Executive as it navigates the year ahead.

As we move into winter and are subjected to ever increasing energy costs I urge all members to review their ability to access the concessions available from government and seek out help with their energy bills. Recent research by the University of Adelaide has indicated Tasmanians keep their houses colder than in other

states, and as retirees it is important we maintain our well being, and that includes doing everything we can to keep winter chills at bay.

The **CPI increase of 3.271%** we will receive in July will certainly help in these times of ever increasing inflation.

All the best.

John Pauley
President

An article of interest from TASS' Sponsor, Spirit Super:



MEDIA RELEASE

CareSuper and Spirit Super enter binding agreement to merge, announcing proposed leadership.

CareSuper and Spirit Super are pleased to announce that they have entered into a binding agreement to merge the two funds. This comes after an extensive due diligence process, with the merger expected to be completed in late 2024. The agreement will create a combined fund with more than 500,000 members and almost \$50 billion in funds under management.

In a joint statement the Chair of CareSuper, Linda Scott, and the Chair of Spirit Super, Maria Wilton AM, said:

“This announcement is an exciting moment for both funds, who share a bold vision to create a national, mid-sized fund that provides a distinct point of difference for our members.

“CareSuper and Spirit Super are both high performing funds. This merge will offer members a fund that leverages the strengths of each to deliver great outcomes for members and all stakeholders.

“We are pleased to announce that the combined entity will be chaired by Linda Scott, the current Chair of CareSuper. Jason Murray, current CEO of Spirit Super, will become the CEO of the combined fund. Bringing together a leader from each of the funds reflects the close collaboration to date and the shared vision of the funds’ leadership.

“As member-focused industry super funds, this binding agreement is a critical and positive step forward in serving our members’ best financial interests.

“This growth is essential to continue to drive outstanding value and service for our members, cementing the vision both funds have of being a sustainable, mid-sized fund and leaders in member experience and driving strong retirement outcomes.”

The merger will take place in late 2024. Up until that time nothing changes for the members of both funds. They remain members of either CareSuper or Spirit Super with administration, investments and customer service managed by their respective fund. Likewise, staff at each fund continue to work to support their members.

CareSuper was established in 1986 and is today the super fund for life for people who value high performance and a smoother investment ride over the long term. CareSuper has around 220,000 members and \$20 billion in funds under management.

Spirit Super was established in 2021 through the merger of Tasplan and the Motor Trades Association of Australia Superannuation Fund. As the fund for hard-working Australians, with a focus on growing membership in regional Australia, Spirit Super has over 325,000 members and \$25 billion in funds under management.

All media inquiries for this announcement should be directed to Phil Davey at Mountain Media 0414 867 188 or phil@mountainmedia.com.au

Still proudly Tasmanian

Q spiritsuper.com.au

Consider the PDS and TMD available at spiritsuper.com.au/pds before making a decision. Issuer is Motor Trades Association of Australia Pty Ltd (AFSL 238 718, ABN 14 008 650 628).



Spirit Super and Stonepeak complete acquisition of GeelongPort

Intro:

Spirit Super and Stonepeak, a leading alternative investment firm specialising in infrastructure and real assets, have announced the successful completion of their previously announced acquisition of Australia's GeelongPort Pty Limited ('GeelongPort'). Under the terms of the agreement, Stonepeak, on behalf of its managed funds and accounts, holds a majority 70% interest in the entity and Spirit Super has a 30% stake.

Article:

Spirit Super and Stonepeak, a leading alternative investment firm specialising in infrastructure and real assets, have announced the successful completion of their previously announced acquisition of Australia's GeelongPort Pty Limited ('GeelongPort'). Under the terms of the agreement, Stonepeak, on behalf of its managed funds and accounts, holds a majority 70% interest in the entity and Spirit Super has a 30% stake.

GeelongPort is a diversified landlord port that, in our view, is strategically positioned and critical to Victoria's economy as the region's second largest port. Located in Geelong, and situated approximately 75 kilometers south-west of Melbourne, the port manages over A\$7 billion of trade and supports more than 1,800 jobs across the state. It also provides easy access to logistics routes for trade through critical road, rail, air, and channel connections for Geelong and south-west Victoria's supply chains.

'Closing this transaction marks another exciting milestone in the history of GeelongPort as it continues to serve its customers and the greater community of Victoria while playing an integral role in global trade,' said Darren Keogh, Senior Managing Director at Stonepeak.

'We believe GeelongPort has access to a meaningful set of opportunities for long-term growth, and we look forward to working with the GeelongPort team as we help them realise those opportunities while continuing to invest in existing objectives and supporting continued growth in the region.'

'We're delighted to complete the acquisition of GeelongPort and to be partnering with Stonepeak going forward,' said Dr Ross Barry, Chief Investment Officer at Spirit Super. 'Our investment in the port reflects Spirit Super's strong commitment to investing in compelling opportunities across regional Australia.'

Northern Forum 21 April 2023

The TASS Forum held at the Peppers Silos Hotel on Friday 21 April 2023 was a very informative session thanks to two presentations provided by Anita Nothrop, an Aged Care Specialist from Services Australia's Launceston office and Sarah Boylen, an Education officer from the RACT.

Anita Nothrop's presentation explained that the Aged Care Specialist officers support older Australians to access and navigate the complex Aged care system.

Anita provided a wealth of information on the various levels of support packages available if people wish to remain in their own homes, supported by service providers. She also noted the various costs associated with moving into differing levels of aged care, ranging from retirement villages to high care nursing homes.

It was very informative for those in attendance to meet Anita in person as she is very experienced and helpful. Anita and other Aged Care Specialist officers are available for face to face appointments in the major Tasmanian centres and the contact number for this service is **1800 227 475**. Ideally, you will be connected to a specialist in your area. If there is not one in your area, you can arrange to speak to a Specialist officer on the phone. To find out if there's an Aged Care Specialist Officer in your area, go to servicesaustralia.gov.au/myagedcarefacetoface. To book an appointment with an Aged Care Specialist Officer, call 1800 227 475 or ask at your local Services Australia service centre.

The second presentation was from Sarah Boylen, an RACT Education officer who provided a most valuable presentation on Misunderstood Road Rules. We all left better informed on many common road situations relating to merging, giving way, roundabouts, speed limits etc. and will hopefully be safer on the road.

Both presentations were well received with plenty of questions and answers.

We were also joined by our good friend Glenda Daly from the Council of the Ageing (COTA) who mingled with members and outlined the support that COTA can provide in helping to navigate the aged care system.

The Forum concluded with a very pleasant afternoon tea and a chance for members to have a chat with each other and the presenters.

TASS is happy to organise further forums in the north and south providing they are well supported. The Executive see this as a valuable and informative service to members and welcome any suggestions for topics for future forums. Feedback confirms the opportunity for members to mingle over afternoon tea is appreciated by many.

Presenters Sarah (RACT – left), Anita (Services Aust – right) and Glenda from COTA



Vale Kevin Hardy – Life Member of TASS

The TASS Executive were saddened to learn of the death of Kevin Hardy. Kevin was made a Life Member of TASS in 2009 following many years of service as a member of the Executive Committee.

- Minute Secretary 1994-1995 and 2004;
- Membership Officer 1996 – 2012.

In 1994 TASS was about to fold. Kevin and several other members took on the various roles on the Executive and as a result, on 8 August 2024 TASS will celebrate 50 years of service to its members.

Vale Kevin.

Thank you to John Minchin

John has stepped aside from the Tasmanian Association of State Superannuants (TASS) Executive which he joined in 2012. He was elected:

- Secretary 2016 to 2018
- Vice President and Acting Secretary 2018 to 2019
- President 2019 to March 2023.

We are most appreciative of his preparedness to assume these leadership roles with TASS while also serving his community in leadership roles in another organisation.

John's expertise has created a more rationalised and efficient administration within the Executive. For the membership in general, he has actively led us in the campaign to have the inequities of the Social Services Legislation Amendment (Defined Benefit Income Streams) Bill 2015 brought to the attention of our Federal politicians. This legislation has adversely affected some 6,000 Tasmanian retirees, many of them members of TASS. We remain hopeful that the legislation can be repealed or at least that the unintended consequences of the legislation that have affected our members and others can be addressed.

Our campaign has seen John leading arrangements to communicate with, and meet, many of our Federal politicians to impress on them how this legislation has had an impact on the lives of so many retirees who can ill afford it.

During the peak of COVID19, John's technical expertise enabled the TASS Executive to continue meeting via Zoom. This meant that we were able to operate as normally as possible under the circumstances. In liaison with Lindsay Wells, the son of TASS members, John has advanced our electronic presence via our Website and Facebook page. He has also updated communication arrangements within the Executive of TASS. We may very well not appreciate fully the work John has done in this area to improve the way we function.

In recognition of the need to update the TASS Constitution, John has been working on a substantial revision of the document. Hopefully, this legacy of John's will be continued and a revised Constitution can be presented for membership approval at a future AGM.

2023 AGM Report

This year's Annual General Meeting of TASS Inc was attended by 25 members. As well as hearing from Jenny Cosgrove and Judith Keith (see separate report), the meeting heard from Hayley Brown, a Community Coordinator from the RACT. Hayley discussed the understanding of road rules with us.

Minor changes to our Constitution were passed at the meeting. These relate to newspaper advertising of the AGM - considered unnecessary and too expensive - and revision of the Section relating to Membership of TASS - to incorporate the Membership For Life category. These changes were flagged in Super-News prior to the AGM.

The following Office Bearers were elected:

President:	John Pauley
Vice President:	Vacant
Secretary:	John Chalmers
Treasurer:	Mike Walker
Membership Officer:	Charles Thomas
Super News Editor:	Jeneane Thomas
Executive Members	Ross Brown, Ross Butler, Stephen Graetzer, Murray Harper, Christopher Scott, Jean Walker

2023 TASS AGM Guest Speaker

Jenny Cosgrove, Director and **Judith Keith, Assistant Director, Operation** from the Office of the Superannuation Commission (OSC) spoke to TASS members.

Jenny commenced as Director in January 2022. She shared her background as Tasmanian-raised, pursuing a career in financial markets in Sydney and Hong Kong, before returning to Tasmania with her family in 2021.

Her presentation focussed on the role of the OSC in supporting the Superannuation Commission in undertaking statutory functions under the Public Sector Superannuation Regulations. Jenny explained the contract and risk management processes which are key tasks for the office.

Since 2017 when the OSC was established, the Retirement Benefits Fund (RBF) has been run with a small office and an outsourced service model. The OSC manages contracts with Link for administration services and Russell Investments for investment management.

Link is the market leader in superannuation administrative services in Australia, administering approximately 10 million individual superannuation accounts. The Superannuation Commission's contract with Link is for a level of service delivery at required standards. These standards are designed to ensure member benefits are paid accurately and in a timely manner. The contract management approach includes:

- Extensive monthly reporting on performance,
- Incident and breach management; including root cause analysis and rectification, and
- Assurance activity.

The Superannuation Commission has an implemented consultant model with respect to the management of its investments and Russell Investments performs this role. What this means is that the Commission sets the investment governance framework, including the strategic asset allocation, and the investment manager then 'implements' these instructions. Russell is responsible for portfolio construction and manager selection. The OSC manages this contract to ensure the Superannuation Commission receives appropriate reporting and performance standards are met.

Jenny explained the mission, objective setting, reporting and risk management approach of the OSC. The emerging risks that were highlighted are Cyber and Information Security and Privacy. Jenny explained that Link's systems provide a level of protection, but a key message is that everyone needs to be alert to cyber and information security. The OSC's program to manage the risk of money laundering and terrorism financing was also explained.

Judith has assisted with TASS matters for many years. She specifically provided members with an explanation of the Provisional Surviving Partner Declaration process and answered some concerns of members present.

She spelled out the value of the form and noted that RBF encourages members to complete the "Reversionary Life Pension Provisional surviving partner pension declaration form". A couple, both of whom are superannuants, would need to complete a form each. All relevant information is available at the RBF website. As well, there are staff members in the Hobart Office who can help. The Office needs to be contacted to make an appointment.

2023 TASS AGM RACT Presentation

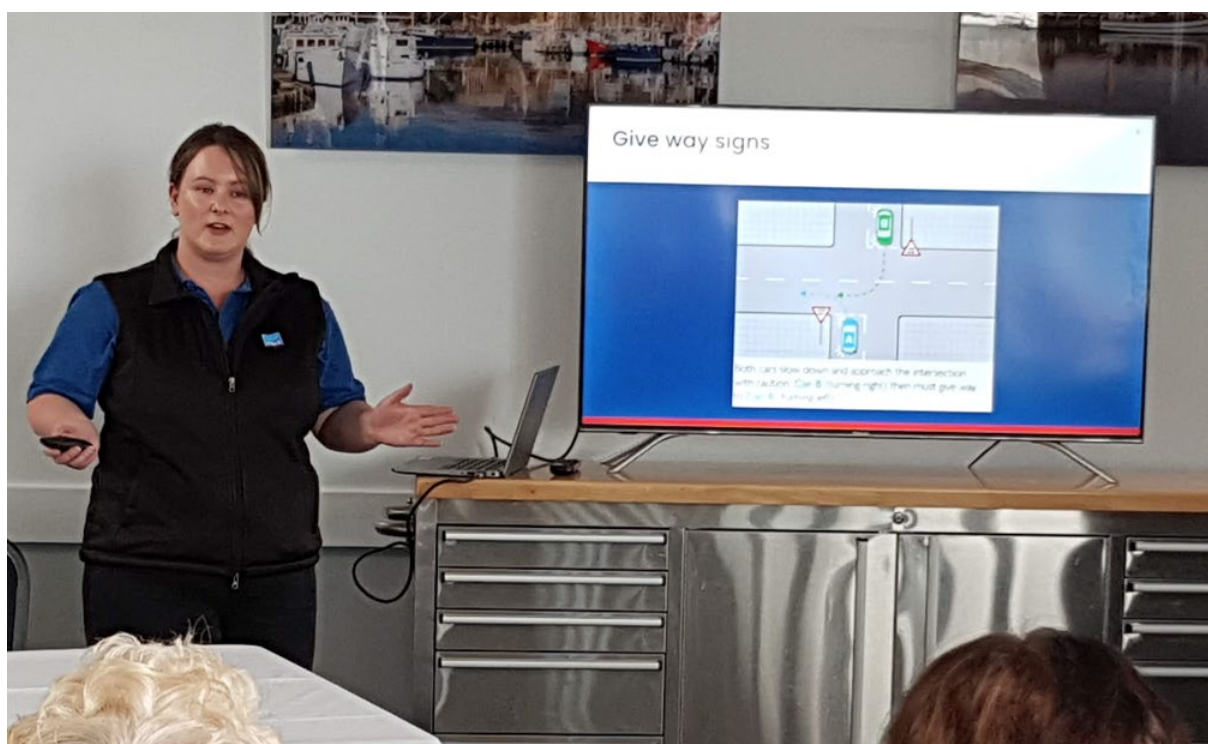
Following Afternoon Tea at the AGM, Hayley Brown, Community Coordinator at the RACT took us through the Power Point presentation, "Years Ahead: Misunderstood Road Rules Program".

Hayley's presentation was both interesting and informative. She approached her audience clearly and confidently and the presentation became quite conversational. Extremely knowledgeable about road rules, Hayley had various local examples to illustrate her explanations. Even spots in other parts of the State mentioned by audience members were known to her. We were interested in the situations she posed during her talk and, of course, it was useful (again) to have a good "roundabout discussion".

Presenters from the Office of the Superannuation Commissioner (L-R) Judith Keith and Jenny Cosgrove



Presenter Hayley Brown from RACT





IMPORTANT NOTICE

Reversionary Life Pension Provisional – Surviving Partner Pension Declaration Form (*Declaration Form*)

TASS has become aware of a Retirement Benefits Fund (RBF) requirement, made on 31 March 2022, which is summarised below and detailed in full on the RBF website. [RBF Website or www.rbf.com.au](http://www.rbf.com.au).

If the Superannuant’s Defined Benefits Life Pension was not set up as a Reversionary Life Pension then their spouse is not entitled to a surviving spouse’s pension on the death of the superannuant and therefore completion of this “Declaration” form and the later mentioned “Application” form is not required. It is important for the superannuant to check the status of the pension they are receiving with RBF if you are not sure.

It is very important where a Superannuant has a Reversionary Life Pension and a spouse, that the new [Declaration form](#) is completed by the Superannuant and their spouse and submitted to RBF.

When this *Declaration* form is recorded by RBF it enables RBF, when notified of the death of the Superannuant, to consider continuing to pay the surviving spouse, two-thirds (2/3) of the deceased superannuant’s Defined Benefit (DB) pension on a fortnightly basis for a period of six (6) months.

Following notification of the Superannuant’s death, the RBF will request the surviving spouse to complete an “Application to be Determined as the Surviving Partner” form (*Application*) ([Surviving Partner Application form](#)). The surviving spouse should complete this form and return it to RBF as soon as possible, as the RBF will only pay the interim 2/3 pension for a maximum period of six (6) months from the death of the superannuant.

When the *Application* form is submitted to RBF, the surviving spouse will be sent documents which will include the following options:

- continue to be paid two thirds (2/3) of the deceased Superannuant’s DB pension; or
- be paid as a once only lump sum (RBF will calculate this amount); or
- withdraw a part lump sum and take a reduced DB pension as a fortnightly payment.

If the *Declaration* form is **not completed** by the Superannuant prior to the Superannuant’s death, the form is no longer required and payment of the two thirds (2/3) DB pension **will not commence**. The *Application*

form must then be completed and approved by RBF before any payment can be made to the surviving spouse.

When completing the **Declaration** form, the superannuant and spouse must provide RBF with proof of any of the following documents, joint residence with their spouse in the form of an account which notes both their names, for example, a recent Council Rates Notice, an Electricity Account, or a TasWater Account. Both will need to provide another form of identification, for example, current Drivers Licence, joint Bank Account, Private Health Fund and/or Medicare card showing both names. When submitting the form to RBF copies of all documents must be certified correctly or you can take the original documents to any RBF office and have a copy made and certified by an RBF Officer who is authorised to certify documents. All original documents will be returned to you.

Do not send original documents by post.

If both partners are DB superannuants, they must **both complete** an individual **Declaration** form and lodge it with RBF.

It is very important that the Surviving Spouse, on the death of the Superannuant, call the RBF Enquiry Line on **1800 622 631** to advise them and request all information required to continue payment of entitlements. RBF is there to assist and will mail documentation to the Surviving Spouse if that is preferred.

Super News – do you read it electronically or receive a hard copy?

There are currently over 120 TASS members with an email address, who have opted to receive hard copies of newsletters and special publications mailed out to them.

Please let us know if you would prefer to receive all newsletters and notifications from TASS sent electronically to your email address. This would be a considerable saving in printing and postage costs for TASS. It is also much quicker for us to make contact with members should the need arise.

Our database also indicates there are over 160 members without an email address. Do we have yours and are you prepared to receive all correspondence electronically? If so, please note the process of how to let us know in the dot points at the end of this notice.

To change from hard copy to electronic copy for newsletters and special publications, you can either:

- send an email to info@tass.org.au with your name and current email address, noting the change to electronic copies; **OR**
- text Charles Thomas, Membership Officer on 0422 414 861 with your name and email address, requesting the change to electronic copies.

Charles Thomas
Membership Officer

TASS Northern Representative

We still have a vacancy for a representative in the north of the State.

If you are interested, please contact our Secretary & Public Officer John Chalmers. John's number is 0409 491 245

TASMANIAN ASSOCIATION OF STATE SUPERANNUANTS INC

FINANCIAL STATEMENT FOR THE PERIOD 1 JANUARY TO 31 MAY 2023

MYSTATE BALANCE AS AT 1/1/23		\$12,223.49
INCOME		
Member Subscriptions	\$2,630.00	
Donations	425.00	
TOTAL INCOME	\$3,055.00	
LESS EXPENDITURE		
Annual General Meeting	\$ 234.00	
Annual Return	68.00	
Email	115.50	
Functions	935.00	
Internet	51.95	
Miscellaneous	5.00	
Office	333.34	
Postage	733.73	
Super-News	2,096.29	
Travel	225.00	
Zoom	93.90	
TOTAL EXPENDITURE	\$ 4,891.71	
DEFICIT FOR PERIOD		\$(1,836.71)
MYSTATE BALANCE AS AT 31/05/23		\$10,386.78
MYSTATE TERM DEPOSIT AS AT 31/05/23		\$63,504.02
TOTAL FUNDS		\$73,890.80

COMMITTEE REPORT:

This Financial Statement presents fairly the financial position of TASS and the results of its operations for the period ended 31 May 2023.

Michael Walker CPA
Treasurer

John Pauley
President

Better targeting superannuation concessions

Submission from the **Australian Council of Public Sector Retiree Organisations** to the Commonwealth Government, April 2023.

Background

The Commonwealth Government has requested comment from interested stakeholders on the issues raised in its discussion paper on Better Targeting of Superannuation Concessions which was released on 31 March 2023.

The Australian Council of Public Sector Retiree Organisations (ACPSRO) has a strong interest in this topic and provides the following submission in relation to the commentary provided in the discussion paper relating to Defined Benefit (DB) superannuation pensions.

About ACPSRO

ACPSRO, formed in 1997, provides a united voice on retirement issues relevant to Commonwealth, State and Territory public servants and Defence retirees who receive Defined Benefit Superannuation Pensions to which they had to compulsorily contribute from their after tax income. These issues impact upon the well-being of more than one million Australian households. The majority of these retirees provided front line services to the community including teaching, nursing, emergency services, transport services, energy, the provision of infrastructure, the needed administrative services to support these essential functions and the defence and security of our country.

ACPSRO seeks to ensure that any changes proposed to how DB pensions are taxed do not have any unintended consequences for members of these schemes. In this regard we have restricted our comments to the section of the consultation paper relating to Defined Benefit superannuation schemes on pages 14 and 15 of the Consultation paper.

Response to Consultation Paper

Before commenting on the specific questions raised in the consultation paper, ACPSRO would like to make the following observations in relation to those who are members of Defined Benefit schemes, particularly those who are members of unfunded schemes.

1. During the accumulation phase there is no fund from which to draw tax, nor is there any clear way to determine the value of a person's interest in such a scheme, beyond the after tax payments which may have been required as a member of the scheme and any contributions which may have been made on a concessional basis by the employer. As there is no fund any determination of the value held will be largely artificial and seeking to arrive at a return, which may then be subject to tax, for such an artificial value will add further complications.
2. Given that part of any accumulations held by a member of a Defined Benefit scheme may include after tax contributions it is considered critical that any calculations made specifically exclude the value of such contributions as there has been no concessional tax arrangements associated with that portion of a member's fund balance, however that balance may be determined.
3. Apart from the Future Fund, there are few other accumulations held by governments in relation to their Defined Benefit schemes. As such, is it the intention of these proposed tax changes to tax some proportion of the returns from that fund as they may relate to amounts held within the Future Fund to meet future Defined Benefit pension payments to a selected group of high income public servants?

4. Once a member of a Defined Benefit scheme enters the pension phase of that scheme it is highly likely that any high income recipient will already be paying a marginal rate of income tax which exceeds the proposed 30 cents in the dollar marginal rate for the earnings of funds with in excess of \$3 million. The fact that marginal rates of tax, which are already higher than the proposed 30% tax rate, are already being applied to these members of a Defined Benefit scheme must be recognised in any determination of the tax liability under the proposed changes. To further tax incomes by the proposed 30 per cent tax rate would be imposing double taxation upon these Defined Benefit pension recipients.
5. High income Defined Benefit recipients do not receive the benefit of \$1.7 million of their determined fund balance being tax exempt. The tax is paid on this proportion of their determined fund balance must also be considered when assessing any tax liability under the proposed changes.
6. ACPSRO has previously raised problems with the issue of a fixed multiplier being applied to all fund members which takes no account of the actuarial reality for those fund members. In this regard we have included a copy of our previous submission on this concern which leads to an incorrect determination of the value of a Defined Benefit pension, particularly as a member ages. Again this aspect of existing arrangements needs to be fixed before being used within the process of determining a person's TSB under the proposed changes.
7. There is also the issue of the effective death taxes applying to Defined Benefit pensions. As a minimum there is a 33% reduction of the "capital" within a member's fund on death of the member, and then there is a 100% reduction in the remaining "capital" upon the spouse's death. Defined Benefit schemes therefore provide no residual bequest for future generations. These effective death taxes must also be considered when determining the TSB applying to a member of a Defined Benefit scheme and the tax liability which may be applied. This issue is particularly pertinent to the proposals presented in the Consultation paper if it is concluded by the Government to maintain a fixed multiplier when determining the value of a fund, as opposed to a multiplier that reflects the actuarial reality for a fund member.
8. Finally, members in receipt of a Defined Benefit pension are unable to change their situation when changes, such as those being proposed, are introduced which impact on their pensions. As such ACPSRO considers that existing Defined Benefit pensioners be grandfathered as part of any changes.

ACPSRO considers the above points are critical when assessing how the proposed changes are applied to the members of Defined Benefit schemes. They introduce significant complications into the operation of the proposals, and our experience has been that such complexity leads to significant unintended consequences.

Consultation questions

10. Do the existing valuation methods for defined benefit interests in the pre-pension phase (under the existing TSB definition) work appropriately for the purpose of calculating superannuation balances over \$3 million?

As identified above, the existing valuation methods are not appropriate for determining the TSB. These valuation methods take no account of the actuarial reality of a Defined Benefit pension, nor do those valuation methods reflect the existing tax arrangements applying to Defined Benefit pensions.

11. Do the existing valuation methods for defined benefit interests in the pension phase provide the appropriate value for calculating earnings under the proposed reforms?

As stated above the current valuation methods will not deliver fair and equitable outcomes for recipients of Defined Benefit pension under the proposed changes. While the consultation paper discusses the means of valuing the TSB of a DB pension, it makes no comment on how earnings from the scheme may be determined. Is it proposed to add an additional tax to the already inadequate CPI indexation which is applied to these pensions as this is the only measure of "earnings" which could be determined?

This issue is of particular relevance when comparing the position of a retiree receiving a DB pension which is already subject to income tax as compared to a retiree who has converted up to \$1.7 million into a tax exempt lifetime income stream which has been actuarial determined.

12. Are there any alternative valuation methods that should be considered for either pre-pension or pension phase defined benefit interests?

As indicated in our previous submission on determining the transfer balance cap for a Defined Benefit pension, the current valuation methods should reflect actuarial realities and also the existing taxation arrangements applying to such pensions. This is particularly relevant where some kind of assessment is made of the “earnings” related to a DB pension.

13. Are there any preferred options in providing commensurate treatment for defined benefit interests?

Given the complexities of determining the actuarial value of a fund and then the proposed earnings from that fund, and the current taxation arrangements applying to Defined Benefit pensions, we consider that the approach proposed in the Consultation paper are totally inappropriate and need to be deleted from the proposed changes.

14. What are the benefits and disadvantages to any alternatives?

We have no comment on this question, other than to say there is considerable risk of perverse outcomes from the proposals as they apply to those who are members of Defined Benefit schemes during both the accumulation and pension phase.

John Pauley
President, ACPSRO

Meet our new Executive member – Chris Scott

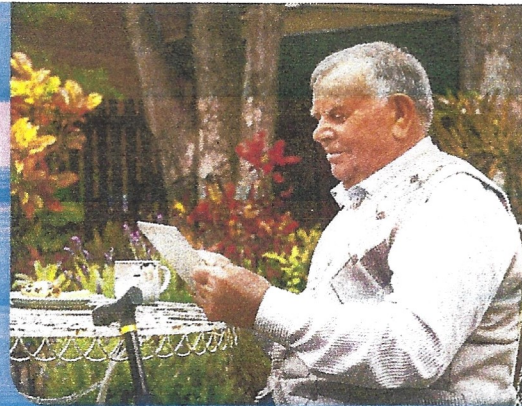
I grew up on Hobart’s Eastern Shore and attended the local schools which were the usual 50’s and 60’s vastly overcrowded and in the main, had unsatisfactory teaching. Chose Electrical Mechanic as a trade but after three years realised that there was more money to be made elsewhere so I studied Electrical Engineering.

I moved employment twice before joining the Hydro Electric Commission in 1974, the same year as I was married to Lyn. Prior to the Hydro work I was mainly involved in electrical design, installation and commissioning of electrical switchboards. Some of the switchboards of the major buildings in Hobart of the early 70’s have my fingerprints all over them. Early Hydro work varied from heating design to power station maintenance support by way of specialist equipment purchase and on-site testing. My remaining time with Hydro was providing technical support for the Distribution and Transmission departments. This work also included the preparation of tenders for switchgear, transformers, cables, street lighting and the like.

After Hydro, I transferred to Transend, managing the company’s Environment and Workplace Health and Safety systems. I did complete two years of an Economics Degree but was not allowed to continue with study. However, the study did allow me to develop skills in procedures and guidelines hence the work with Transend. Over the years I have been a member of a number of committees from sporting to engineering.

I have built three houses, naturally doing the electrical work and being very much a hands on person, a lot of other building type work as well. Early retirement in 2004 did not last long, and for the next 11 years I ran a consultancy business. Second love of my life is food, followed by wine and cooking. Great food comes from the kitchen for at least three days of the week.

We have travelled extensively, visited 70 countries, and currently have the ocean cruising bug.



Connecting you to aged care services

We've made it easier for you to find out about My Aged Care services.

It can be overwhelming when you start your aged care journey and are thinking about how to access aged care services. Whether you're looking for help at home or thinking about entering an aged care home, we're here to help.

If you need help finding general information about government-funded aged care services you can:

- go to myagedcare.gov.au
- call My Aged Care on **1800 200 422***
- visit any Services Australia service centre.

For more in-depth information about aged care services you can:

- talk to an Aged Care Specialist Officer if one is available in your area
- call My Aged Care on **1800 200 422***

Aged Care Specialist Officers

You, your family or a representative may be able to speak to one of our Aged Care Specialist Officers. This is a free service available in some of our service centres to help you with your aged care matters.

They can help you by:

- providing in-depth information on the different types of aged care services
- checking if you're eligible for government-funded services and making a referral for an aged care assessment
- providing financial information about aged care services
- helping you appoint a representative for My Aged Care
- connecting you to local support services.

FIND OUT IF THERE'S AN AGED CARE SPECIALIST OFFICER IN YOUR AREA

To find out if there's an Aged Care Specialist Officer in your area, go to servicesaustralia.gov.au/myagedcarefacetoface

To book an appointment with an Aged Care Specialist Officer:

- call **1800 227 475**
- ask at your local Services Australia service centre



Useful contacts for TASS Members:

Retirement Benefits Fund (RBF)

All enquiries 1800-622-631
Website www.rbf.com.au

Australian Taxation Office (ATO)

Personal taxation information 13 28 61
Website www.ato.gov.au

Centrelink

(Access Centrelink and Medicare services)

Older Australians and Financial Information Services 132 300
Disability, Sickness and Carers 132 717
Website www.humanservices.gov.au

TASS Executive – Administration:

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Should you change your address and/or email details please advise the **Membership Officer, Charles Thomas**, so that he can update our records. Phone: 0422 414 861

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