



SMART Super Member News

May 2007

Consolidate your pre-83 super

If you have more than one superannuation account and one of them dates back to pre-1983, you may want to think about consolidating your super accounts before 1 July 2007.

This could be important because all pre-83 super becomes part of the new tax-free component, and combining accounts may increase the amount of the tax-free component.

Government co-contributions for the self-employed

If you are under 65, earn less than \$58,000 and make a personal contribution, you will be eligible to receive a Government co-contribution. This currently only applies to employees, but will be extended to include self-employed people from 1 July 2007.

The amount of \$58,000 is indexed and is due to be raised from 1 July 2007.

The Government will make a one-off additional co-contribution into the superannuation accounts of those persons who made eligible contributions in the 2005-06 income year.

The measure will double the co-contribution paid in respect of the 2005-06 year.

For example, if a person was eligible for a co-contribution of \$1,500 in respect of the 2005-06 year they will now receive an extra co-contribution of \$1,500, so that the

total co-contribution in respect of that year would be \$3,000.

If they were eligible for a \$500 co-contribution they will receive a total co-contribution of \$1,000 for the year.

Superannuation pensions are becoming simpler

Like other super, payments you receive after 1 July from a superannuation pension will be tax free from age 60.

There are other changes too, such as a halving of Centrelink's assets test taper rate from 20 September. For people with assets close to or over the threshold and who currently don't qualify for the age pension, their eligibility to receive an age pension could change.

Another change is that for some types of superannuation pension, the maximum amount of pension payments you can take in a year will be removed.

The two new changes (see "Super is becoming simpler" above) will also apply to pensions, generally from age 60.

Contribution splitting

From 6 April 2007, you can no longer transfer personal after tax contributions made on or after 6 April 2007 to your spouse's super account. You are still able to transfer personal after tax contributions made before that date.

There is no change to splitting employer contributions and, subject to existing rules, you can still transfer these to your spouse.

New Insurance Cover for members from 1 July 2007



Account Based Cover – Great for Seasonal Workers!

SMART has made the move from contribution based insurance cover to account based insurance cover.

This means that instead of only being insured while you are receiving contributions, you will be insured for up to 12 months after your last day of work, provided there is enough money in your account to cover insurance premiums.

This is an important change as it provides you with more security and continuous insurance cover, even in the months we do not receive an employer contribution for you.

Seasonal workers will no longer have to apply for seasonal cover – you will be covered 24 hours a day, 7 days a week, 365 days a year.

Automatic Cover for New Members

As at 1 July 2007 all new members will now be automatically covered by one unit of Death and Total and Permanent Disablement (TPD) cover for only \$1.50 per week! Our death and disability cover is competitively priced, and premiums are deducted from your superannuation account, so you can have insurance cover without impacting your take-home pay.

If you do not already have cover with SMART, now is a good time to consider whether you have enough cover or would like to apply for more (up to 10 units to the age of 65).

The cost of Death and TPD insurance cover is \$1.50 per person insured, per week per unit of cover. The cost for Death Only cover is \$0.96 per person insured, per week per unit of cover. Please refer to the new insurance cover table overleaf to see how much cover applies per unit, depending on your age.

All changes to insurance, including opting out of insurance cover, must be submitted to SMART Super in writing. If you would like to know more about it, please call us on 1800 802 800 to request a brochure.



This newsletter is issued by S.M.A.R.T. Pty Ltd, the Trustee of SMART Super; ACN 010 747 574; ABN 35 002 976 294; RSE License Number L0001175; RSE Registration Number R1004229.

The information provided in this newsletter is General Advice only and does not take into account any individual's objectives, financial situation or needs. Before acquiring a SMART product, a PDS should be obtained. You may wish to consider obtaining professional financial advice.

Please note that our administrator, Australian Administration Services (AAS) holds an Australian Financial Services Licence (AFSL) and is licensed to provide general financial advice on superannuation products. AAS's AFSL number is 245585.

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SMART Super...
SMART Choice

Age Next Birthday	Amount of Cover (Death Only or Death and TPD)
15	\$55,000
16	\$55,000
17	\$55,000
18	\$55,000
19	\$55,000
20	\$55,000
21	\$55,000
22	\$55,000
23	\$55,000
24	\$55,000
25	\$55,000
26	\$55,000
27	\$55,000
28	\$55,000
29	\$55,000
30	\$55,000
31	\$54,000
32	\$53,000
33	\$52,000
34	\$51,000
35	\$50,000
36	\$47,000
37	\$44,000
38	\$41,500
39	\$38,000
40	\$35,000
41	\$31,000
42	\$28,000
43	\$25,500
44	\$22,500
45	\$20,500
46	\$18,000
47	\$17,000
48	\$16,000
49	\$15,000
50	\$14,000
51	\$11,000
52	\$9,500
53	\$8,500
54	\$8,000
55	\$7,500
56	\$7,000
57	\$5,500
58	\$4,500
59	\$4,000
60	\$3,500
61	\$3,000
62	\$2,500
63	\$2,500
64	\$2,000
65	\$2,000

Salary Continuance Cover

We are very excited to offer Salary Continuance cover to our members for the first time.

Salary continuance cover can provide you with an income during periods of temporary disablement that prevent you from working for up to 75% of your salary.

Cover is optional and acceptance is subject to the Insurer's approval. Eligibility conditions apply.

Salary Continuance cover is broken up into white collar and blue collar categories. Different premiums and cover will also apply to males, females, smokers and non-smokers.

We do recommend that you seek financial advice when considering the appropriate level of cover for you. For further information please contact our Customer Service hotline on 1800 802 800 or 3013 8801 (for Brisbane Metropolitan area).

New Fee Structure

From 1 July 2007, SMART will be introducing an asset based management fee of 0.1% of your balance. This is in addition to the existing \$1.50 per week account keeping fee, and will be deducted monthly. As a not-for-profit fund for members, we keep our fees as low as possible. However, continuing changes to Federal Government Legislation have increased operating costs and to ensure we deliver the highest possible level of service, this small increase in fees is necessary.

Example:

Your Balance	Administration Fee
\$5000.00	\$78.00p.a.
+	
Asset Based Fee	Total fee
\$5.00	\$83.00p.a.

The example above assumes the member is an active member (i.e. members employer is making contributions to SMART), has no insurance and is invested in the balanced default investment option, the Balanced Fund.

Don't pay too much tax on your super!

STOP TAX!

Changes in the 2006/2007 Federal Budget means that if your employer makes more than \$1,000 in contributions in a year for you, and you have not provided your Tax File Number (TFN) to SMART, you will be taxed at 46.5%.

Compared to the current tax rate of 15% that's an extra 31.5% for the Tax Man! If you do not provide your TFN, we may also have to refund any personal contributions you make.

Please contact SMART on 1800 802 800 to provide your TFN, or if you have any questions.

Allocated Pension

SMART is introducing an Allocated Pension product. An allocated pension can give you a regular income in retirement by rolling your superannuation account into a pension account. For more information please contact our Customer Service Hotline on 1800 802 800.

How will super changes affect you?

The Federal Government announced major changes to superannuation in the May 2006 Budget. Most of the changes have now been legislated.

This newsletter explains what the changes are and how these may affect your SMART superannuation account.

In most cases, the changes start from 1 July 2007.

Opportunity to make large contributions to super closes on 30 June 2007

The opportunity to make large personal contributions (up to \$1m) without incurring additional tax is only available until 30 June 2007.

Between 10.05.2006 and 30.06.2007, a contribution limit of \$1,000,000 applies:

- Personal (after tax) contributions up to \$1m are not taxed
- Personal (after tax) contribution amounts over \$1m will be taxed at 46.5%

From 1 July 2007, this contribution limit reduces to \$150,000 p.a.

Superannuation tax-free from age 60

From 1 July 2007, superannuation benefits paid to you in cash, including any regular pension payments, will be tax free if you are aged 60 or older.

Super is becoming simpler

From 1 July 2007, superannuation accounts will consist of two components only. The two new components are a tax-free component and a taxable component.

The first \$140,000 of the taxable component will be tax-free, but anything over this amount is taxed at 16.5% (including Medicare). Any tax is only deducted when you take your super as a cash payment. Different tax rates apply for any cash payments under age 55 and superannuation pensions.

The RBLs (Reasonable Benefit Limits) will also be removed, which means there will be no upper limits to how much you can save within super.

Contribution caps from 1 July 2007

Personal (after tax) contributions will have an annual limit of \$150,000.

If you are aged under 65, you can bring forward two years and contribute up to \$450,000 in a year – but you can then not contribute during the next two years.

Contributions over the limit will be taxed 46.5%. Contributions under the limit are not taxed.

A higher limit of \$1 million applies during the period 10.05.2006 to 30.06.2007.

Employer contributions (including salary sacrifice) and any other contributions for which you intend to claim a tax deduction (eg. as a self-employed or unsupported person) will have an annual limit of \$50,000.

If you are aged 50 or older, a transitional limit of \$100,000 p.a. applies until 30 June 2012.

Contributions under the limit are taxed 15%. Contributions over the limit will be taxed a total of 46.5% (an additional 31.5% tax).

Tax File Number [TFN]

The Federal Government's new rules mean there are greater consequences if your superannuation fund does not have your Tax File Number post 30 June 2007

If we don't have your TFN, you will be unable to make personal contributions after 1 July 2007.

In addition, employer contributions will be taxed at 46.5% instead of 15% – unless we have your TFN before the end of that financial year, eg by 30 June 2008.

Please check your most recent member statement or access your account online, <http://smartsuper.net> to check that we have your TFN.

Employment Termination Payments (ETPs)

From 1 July 2007, these payments can only be contributed to super if they are made under an employment contract in force on 9 May 2006, and the contract specified a payment to you on termination of employment.

ETPs, if directly rolled over into super, generally do not count toward the contribution caps described above, but are subject to 15% contribution tax.

From 1 July 2012, these ETPs can no longer be rolled over to super.

Keeping your money in super

The Federal Government has removed the requirement that you must cash your super once you are 65 and retired. This means you can leave your money in super for as long as you like, taking advantage of the lower tax rates that apply to super.

This change took effect on 10 May 2006.