



# PRIME SUPER COMMUNITY NEWS



Part of your Community

August 2008

## A super challenge for the self-employed

Self-employed Australians make up over 10 per cent of our workforce and with recent statistics showing relatively low superannuation savings for this sector, that's a large number of Australians who may be retiring with less than they need. In fact, the current average income of recently retired self-employed Australians was \$24,500 and around 30% retire on a full Age Pension.

We understand that managing cash flow is an important element of running a small business but taking even small financial steps now can make a big difference in 10 or 20 years. In our new publication, **'Seven Ways to Grow Your Super'**, we suggest practical and easy ways to make a difference to your retirement savings.

At Prime Super we also see education as a key to helping the self-employed get the most from the tax advantages super offers. It's surprising to know that in any given year, only one in four self-employed Australians will actually make a tax deductible contribution to super.

Ask us for a copy of our helpful publication **'Super Solutions for the Self-employed'** which gives you up to date information about the tax benefits of super for the self-employed, including gaining access to the Government Co-contribution from 1 July 2007.

With nearly one third of small self-employed business owners having no retirement savings at all and 53% having a super balance of less than \$40,000, which is well below the average for salary and wages earners, we are inviting self-employed Australians to take on the challenge, create assets outside of your business and make the most of your super.

(Statistics sourced from Association of Superannuation funds 'The self-employed and Saving for Retirement' June 2008, [www.superannuation.asn.au](http://www.superannuation.asn.au).)

## We would like your feedback

We will always be interested in your views about your membership in Prime Super and we encourage you to call or write to us at any time. The best method is a quick email to our new feedback line at [feedback@primesuper.com.au](mailto:feedback@primesuper.com.au)

It's great to hear what you think and about the issues that are important to you in rural and regional Australia. Your feedback email will reach the people who will use this information and initiate change when it's needed.

## Super news for Temporary Residents

If you are a temporary resident of Australia and you are working, you may be eligible for the superannuation guarantee (SG) like any other permanent resident. If you are employing temporary residents you will need to consider your SG obligations.

Temporary resident employees who then leave Australia can claim their superannuation savings in most cases. This payment is called the Departing Australia Superannuation Payment (DASP).

Generally, you can do this if:

- you visited on an eligible temporary resident visa;
- your visa has expired or been cancelled; and
- you have permanently departed Australia.

For more information about the DASP payment, contact Prime Super and ask for our Education Bulletin No. 1078 ('Super Departures'). This Bulletin provides details about how to claim your super and how to get help making your claim.



## For help and answers to questions

You can request information and answers to any questions by:

Writing to Prime Super at:

PO Box 2229, Wollongong, NSW 2500

Calling Prime Super on freecall: 1800 675 839

Faxing Prime Super on freefax: 1800 023 662

Overseas callers: + 612 4298 6008

Email at: [administration@primesuper.com.au](mailto:administration@primesuper.com.au)

Visiting our website at: [www.primesuper.com.au](http://www.primesuper.com.au)

# Life insurance in super - the full story!

At Prime Super, we take our role of looking after the interests of our Members in regional and rural Australia very seriously. Life insurance protection is an important element of any family's financial plan and a valuable benefit offered to members of Prime Super. While it is true that you have the option of declining or opting out of cover if you so chose, we also remind you of the long term value of your insurance cover so you can avoid making a short term decision which you may regret later.

Superannuation is there to provide for you in retirement. Insurance is aimed at helping you and your loved ones cope financially when you are not there or are unable to earn an income as a result of a disability.

If you have dependents, it's essential to protect their interests in the event that you die or have serious health problems. Families may not recover from the devastation of having no financial provision for this loss of income.

Through our default insurance cover, you automatically get some peace of mind from the time you make your first contribution to Prime Super. Even more important for many is the fact that if you join the fund when you are first eligible, you receive the cover without having to provide any health evidence. This means that you may receive the default cover regardless of your previous or current state of health.

You can also increase your level of cover within the Fund to a level that matches your needs. (In some instance we may require more health information from you to allow the insurance underwriters to assess your situation; if this is needed we will let you know). You should take the time to consider what would happen if you were not around, would your loved ones have sufficient money to continue without you, will the mortgage get paid?

There are stages in our lives when life insurance is not so critical, for example if you are young and single and have no dependants. However, even if you are young, accidents do happen, and it is better to have some small level of insurance cover available to settle your affairs, rather than placing the burden on your family.

**REMEMBER THE CHOICE IS YOURS!** If you prefer to have no insurance in the Fund and would rather direct those savings back into your super account, simply call us on 1800 675 839, and we will cancel your cover.

Either way, it's important that we all take responsibility for these important decisions in our life - like managing our health, our finances and the interests of our families. That's why Prime Super provides you with all the information you need to make the decision that's right for you.

An important reason for having your insurance cover inside your super fund is that it is a low-cost way of buying insurance. When the Trustees arrange the cover, they are able to access Group Insurance policies which are effectively like buying cover in 'bulk'. The claims 'risk' is spread across the whole fund and so there are cost savings for the Members.

Another reason is tax. Your super fund is an investment vehicle which is taxed at a lower rate than most other forms of investment. This makes the cost of your insurance cover inside super tax-effective. If you had your own life insurance policy outside of your super arrangements, there are generally no tax benefits. One exception to this is the premiums for Income Protection cover, which is tax deductible outside super.

If you have any questions about your own Prime Super insurance cover, or if you would like to review the amount of your cover based on your current needs (you can apply to increase your cover at any time), please call us and we will be pleased to help. Our contact details are included in this newsletter.



## Lifeline and Prime Super helping to 'read the signs'

### Experiencing difficult times? Help is available

Everyone experiences difficult times in their life. Sometimes these experiences don't go away and we struggle to solve them on our own. They impact on our work, our relationships with family and friends and our general sense of wellbeing. It is important to seek help during these difficult times as eventually they can have a serious impact on our physical, emotional and mental health.

Lifeline and Prime Super believe good mental health is a vital part of overall good health and wellbeing. It is just as important to maintain good mental health as it is to maintain good physical health. Mental health problems can vary in terms of nature and severity. In many instances it just represents a difficulty coping with day to day issues. This is often caused by a combination of life events leading to a higher level of stress.

It is important to get help when levels of personal distress start to affect your health and when stressful experiences or situations first become apparent. This is best done before things get worse and appear too difficult to manage.

There are a number of ways you can get help:

- Health professionals, such as GPs, psychiatrists and psychologists, are trained to help people at times of crisis and with mental health issues.
- Helplines, such as Lifeline's **13 11 14**, are available 24 hours a day. This service is staffed by trained telephone counsellors with whom you can confidentially talk about issues, or seek information about services and support.

Sometimes it takes courage to ask for help and deal with issues. Sharing personal problems with someone you are unfamiliar with can be uncomfortable and difficult. However, talking things over can put things into perspective and provide information, strategies and support to better deal with issues. Value your health, you are worth it!

Prime Super continues to support Lifeline to provide help with suicide prevention information for their members across Australia. For practical information, self help tool kits and links to other useful resources go to [www.lifeline.org.au](http://www.lifeline.org.au)



# Seven ways to grow your super

Prime Super has a proud history of providing superannuation services across Australia to regional and rural communities. It is the largest industry fund 'of choice' for regional Australians with over 155,000 members and assets in excess of \$1 billion.

Prime Super helps you make the most of your super by making a number of options available to you to grow your savings more quickly. Here is a summary of seven important ways you can grow your super:

## 1. Make regular personal savings - a small amount makes all the difference

Even small regular contributions will make a big difference to the amount of your savings at retirement. For example, did you know that if you contributed \$20 per week, earning 5% interest your savings could grow to approximately \$13,500 after 10 years and \$35,800 after 20 years\*\*. With Prime Super all of your contributions which are paid from after-tax income go straight into your Member Account and are invested - there are no fees or tax payable on your deposit.

You can go to [www.primesuper.com.au](http://www.primesuper.com.au) to download a 'Personal Contributions by EFT' form to make a direct payment to your Member Account or ask your employer to make regular deductions from your pay.

\*\* Calculated using monthly compound interest assumptions and not allowing for the impact of any fees or charges that may be applied.

## 2. 'Salary sacrifice' your contributions and reduce your tax at the same time

Talk to your employer to find out if you can have some of your salary paid as super contributions into your Prime Super Member Account. This is a great way to grow your super savings and reduce your taxable income at the same time. Your employer can arrange to make regular deductions from your pay.

If you are self-employed, you can go to [www.primesuper.com.au](http://www.primesuper.com.au) to download a 'Personal Contributions by EFT' form to make a direct payment to your Prime Super Member Account whenever it suits you.

## 3. Roll in your other accounts and make your super simple

If you have other superannuation savings, it can make sense to combine them into one account. It will make your super much simpler and save you time and money because you are not managing more than one account or paying more than one set of fees.

Once you complete a Rollover form (available from [www.primesuper.com.au](http://www.primesuper.com.au) or call us on 1800 675 839) Prime Super will arrange it all for you.



## 4. Let the Government help you get there with the Co-contribution

It's important to check whether you are eligible for the Government Co-contribution. If you make personal contributions you could receive up to \$1,500 pa from the Government which is deposited straight into your Prime Super Member Account.

Call us on 1800 675 839 for help or go to the Australian Tax Office website at [www.ato.gov.au](http://www.ato.gov.au) for full details.

## 5. Start super for your spouse and share the benefits

Depending on your spouse's income, you may qualify for a tax offset on contributions of up to \$3,000 if you make a contribution on his or her behalf. Your spouse simply completes an Application to join Prime Super which is attached to our Product Disclosure Statement.

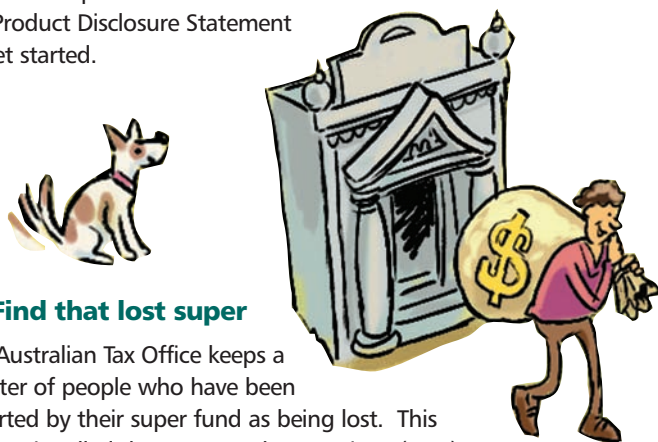
Visit our website or call us on 1800 675 839 for help getting started.



## 6. If you are over 55 you can now reduce your tax and boost your super at the same time

Take advantage of the new 'transition to retirement' strategies. You can work full-time or part-time, and use an Income Stream from your super fund to provide some extra income. You can then Salary Sacrifice more of your pay into super, reduce your tax and increase your superannuation benefits.

Check with your financial advisor if this strategy is right for you then call Prime Super on 1800 675 839 for the Product Disclosure Statement to get started.



## 7. Find that lost super

The Australian Tax Office keeps a register of people who have been reported by their super fund as being lost. This register is called the Lost Members Register (LMR).

If you call Prime Super we can help you find it but remember to complete the Rollover form (3. above) so you can transfer the benefit to your Prime Super Member Account.

**To become a Prime Super member:** You can free-call us on 1800 675 839 to receive your Product Disclosure Statement and we will help you get started.

**For local help:** For more information about these 'Seven ways to grow your super' call your local Prime Super Regional Manager. Contact details are included in this newsletter.



# New guidelines for Employers calculating SG contributions

Changes to the Superannuation Guarantee laws from 1 July 2008, mean employers must check calculations of superannuation contributions are based on the correct definition of Ordinary Time Earnings (OTE).

## What are ordinary time earnings?

Ordinary time earnings are generally what your employees earn for their ordinary hours of work, including:

- over-award payments
- commissions
- allowances, and
- paid leave.

Ordinary Time Earnings do not include overtime (but there are some exceptions).

## What is your earnings base?

Most employees have Ordinary Time Earnings as their earnings base for calculating their superannuation contributions.

However, some may have another earnings base that is specified in:

- an industrial award
- an existing agreement they have with their employer
- a fund's trust deed, or
- a law of the Commonwealth, States or Territories.

You can continue to use this earnings base for contributions covering the period up until 30 June 2008, but for payment periods starting from 1 July 2008 you will have to use Ordinary Time Earnings.

Remember to let your employees know if there is any change.

## Employer's Checklist

The Australian Tax Office has published a checklist for identifying what constitutes 'Salary or Wages' and Ordinary Time Earnings. You should be aware that while an employee's eligibility for SG participation is based on Salary and Wages (and earning more than \$450 in any given month), the calculation of the amount of SG contribution is based on Ordinary Time Earnings.

## For more information

Contact us for more information and for a copy of our **Education Bulletin No. 2078** which provides further details, including the Employers Checklist.

# Prime Super, serving your community

For answers to any questions about your membership in Prime Super or for copies of any information brochures mentioned in this newsletter, you can contact your local Prime Super Regional Manager:

## Regional Manager - Western Victoria and South Australia:

### ROD STEWART

Telephone: 03 8622 9375

Mobile: 0428 558 158

Facsimile: 03 8622 9380

## Regional Development Manager - Northern Rivers NSW, South Eastern and Central Queensland, Northern Territory:

### WAYNE WRIGHT

Telephone: 07 4637 9848

Mobile: 0407 777 449

Facsimile: 07 4638 1359

## Regional Development Manager - Eastern Victoria and Tasmania:

### DAVID LEISHMAN

Telephone: 03 8622 9381

Mobile: 0448 330 110

Facsimile: 03 8622 9380

## Regional Manager - Western Australia:

### PAT BREUER

Telephone: 08 9261 7766

Mobile: 0429 410 426

Facsimile: 08 9261 7700

## Regional Development Manager - Central and Northern NSW:

### ANGELA WALCOTT

Telephone: 02 6766 7295

Mobile: 0428 288 554

Facsimile: 02 6766 1872

## Regional Development Manager - Central, Northern Coast and Far North Queensland:

### ASHLEY GRAHAM

Telephone: 07 4121 2011

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# Call 1800 675 839 [www.primesuper.com.au](http://www.primesuper.com.au)

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