



# Super EASY!

News and information for the clients of Superannuation Services Pty Ltd

Autumn 2009

## Brisbane

PO Box 7284 East Brisbane Q 4169 Ph 07 3899 5637 Fax 07 3899 5638

## Sunshine Coast

PO Box 67 Glasshouse Q 4518 Ph 07 5496 9899 Fax 07 5496 9796

enquiries@superannuationservices.com.au www.superannuationservices.com.au



**Superannuation Services** PTY LTD

A.C.N 080 604 717 A.B.N. 54 080 604 717

## Budget takes a bite out of super

This year's Federal Budget hit the high-income earners well below the belt. The reduction by 50% of the concessional contributions limits from 1 July 2009 will hurt people close to retirement who left paying into their super funds until the end of their working life.

Younger people will really have to plan ahead to maximize their superannuation benefits – they can no longer leave it all to the last 5 or 6 years of their career.

### Concessional Contribution Limits

Age	Up to 30 June 2009	From 1 July 2009	From 1 July 2012
>50 anytime during year	\$100,000	\$50,000	\$25,000 (indexed)
<50 whole of year	\$50,000	\$25,000	\$25,000 (indexed)

### Has the Government bitten off its nose to spite its face?

Such low limits on concessional contributions will result in less money in the superannuation system. This means more people will have to rely on the age pension to supplement their retirement income. And, with Australia's population aging so dramatically, there will be fewer workers left to support the steadily growing number of pensioners.

#### Take action before 30 June 2009

If you are able, boost your super fund and secure your financial future by paying the maximum concessional contributions before the new limits take effect.

### Clarity on concessional contributions

The definitions of what constitutes a concessional contribution remain unchanged in the new Federal Budget. Such contributions still include:

- Superannuation guarantee (the 9% paid by your employer, your own company or trust),
- Salary sacrifice and
- Member contributions for which you are claiming a personal tax deduction.

The total value of these contributions MUST be below the relevant limits in the above table.

### Hidden ramifications for over 50s

Originally the concessional contribution limits were to be indexed, and the \$50,000 cap for over 50 year olds was going to be increased to \$55,000 on 1 July 2009. This means the new \$25,000 limit actually represents a reduction of \$30,000 for over 50 year olds — a decrease in concessional contributions of 60%.

### Legislation to be amended

The non-concessional contribution cap (NCC) is currently legislated as "three times the concessional contributions cap (CC)", if legislation is not amended to read "six times" then the NCC for over 50 year olds will be reduced to \$75,000 – let's hope the legislation writers get it right! Watch this space for more on superannuation legislation and how it affects YOU.



### Have you registered your interest for the Trustee Training Conference?

Beautiful Vanuatu is the place to be in July 2010. Find out all you need to know about managing your super fund at Superannuation Services' Trustee Training Conference. But hurry, places will be limited (see page 4 for more information).

### Please pass on to...

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# Troubled financial services industry requires professionalism

## — now more than ever!

Speaking at the 2009 SPAA (Self-Managed Super Fund Professional's Association of Australia) Conference, The Hon. Sir Anthony Mason re-iterated the need for strict compliance with professional and ethical standards, and the pursuit of professional ideals.

The three-day conference for SMSF (Self-Managed Super Fund) professionals was held in Adelaide in March and was attended by delegates comprising financial planners, accountants, auditors and lawyers from across Australia. Information sessions and prominent guest speakers provided industry professionals from across the board with an opportunity to learn more about managing superannuation funds.

In his address, Mason spoke of the current global economic crisis as “the triumph of greed” and listed the following as major contributing factors to this triumph:

- Excessive reliance on debt and leverage
- Extravagant remuneration rewards for writing risky business
- Lack of transparency
- Departure from prudential financial standards
- Inadequate supervision by regulators,
- Non-compliance with professional and ethical standards.

### Regulatory protection for fund members

He called for tighter regulatory protection for those people dependent on super funds, who have had their security threatened by the acts and omissions of (among others) financial institutions, fund managers, regulators and financial advisers — rather than by their own ignorance or inability to look after their own interests.

### Sound advice?

Mason pointed to ASIC's 2006 Shadow Shopping Survey on Superannuation Advice, which indicated that the level of compliance in the provision of superannuation advice was “well below reasonable expectations” (with as much as 20% of advice dispensed

without any reasonable basis). He also mentioned that according to the survey, conflicts of interest carried a higher risk of inappropriate advice. A fresh survey will be undertaken in 2010.

### Conflicts of interest

While he conceded that the regulation of some aspects of the financial services industry is receiving plenty of attention, Mason felt that much of the consideration and energy spent on this is misdirected. He criticised the system of regulation for failing to address “in an efficient manner the core problem of conflicts of interest which abound in the industry”.

By way of example, Mason referred to financial advisors who sell products and derive remuneration — by commission, or otherwise, in relation to the products they sell.

### Autonomy and choice with SMSFs

Mason said that self-managed super funds (SMSFs) reflected the concepts of autonomy and choice as they were managed and controlled by member trustees. These funds are becoming increasingly popular and have shown returns on assets of up to 6.5% better than APRA funds for a period of 7 to 9 years. Mason added that the expense ratio of these funds has been consistently lower than that of industry or retail funds in recent years.

### Compliance issues

Addressing the issues of compliance with statutory and regulatory requirements — matter for concern in the administration of SMSFs, especially in relation to audits — Mason echoed the Commissioner of Taxation, Michael D'Ascenzo's sentiments that the compliance rate was set to improve.

In particular, Mason mentioned criticism of the investment knowledge of a percentage of the trustees and the professionalism of auditors. Steps taken to educate and alert participants in the industry to their roles and responsibilities would help to overcome these issues. He encouraged trustees and auditors to bear in mind that the future of SMSFs is dependent on compliance and professionalism.

### ATO initiatives make a difference

Helpful ATO initiatives including publications, educational programs, rulings, determinations, taxpayer alerts and interpretive decisions relating to SMSFs were highlighted, as well as the ATO's provision of advice to SMSF trustees.

### SPAA promotes professionalism

Mason also mentioned the role of SPAA in promoting and maintaining professional standards within the industry — particularly in the provision of independent accredited certification of SMSF specialist skills held by professional advisors (in addition to their other professional qualifications and affiliations).

Mason said the standard of literacy of SMSF trustees and auditors would improve as more relevant information became available and the focus on education increased. He added that he hoped the quality of advice given by financial planners and advisers would also improve.

#### Did you know?

That Superannuation Services was the first fund administrator of SMSFs to offer professional training to trustees.



## In conclusion...

Mason pointed out that it was impossible for the problems in the industry (and wider investment industry) to be resolved without substantial reforms and a greater insistence on higher professional and ethical standards by all stakeholders.

## Got questions about your SMSF?

The SPAA conference was a great opportunity to gain a thorough understanding of the rules and regulations for self-managed funds.

If you missed out this year, don't despair, there are still a number of other events on offer, such as the Superannuation Services Trustee Training Conference in July 2010 (see page 4).

## Need more information about SMSFs?

The ATO have published a series of four useful booklets:

- Thinking about self-managed super,
- Setting up an self-managed super fund,
- Running a self-managed super fund, and
- Winding up a self-managed super fund

To obtain a copy of these publications please visit [www.ato.gov.au](http://www.ato.gov.au) or call 13 10 20.

## Jenny Power receives top SMSF Award

In March of this year, one of our Directors, Jenny Power, received the SPAA Chairman's Award.

The Chairman's award is given annually to someone who has been actively involved in SPAA activities. The recipient is recognised for demonstrating a professional commitment to best practice SMSF advice.

SPAA chairman, Graeme Colley said "Jenny has been involved in the recent reviews for the Harmer and Henry committees, and also had a high level of involvement in her State Chapter in Queensland. She is also a regular presenter at our conferences".

Colley commended Jenny for her "outstanding contribution to SPAA and the SMSF sector."



*Jenny receiving award from SPAA Chairman Graeme Colley (RHS) and The Hon. Sir Anthony Mason AC KBE (LHS)*

The Superannuation Professionals of Australia Association (SPAA) is the peak body representing professionals involved in the SMSF industry. The association actively promotes professional standards within the industry. It oversees a stringent accreditation process through which professionals are endorsed as specialists in their field.

**On the Superannuation Services team, both Jenny Power and Yvonne Bell are SPAA accredited SMSF specialists.**



# Want to visit beautiful Vanuatu in July 2010? **Why not join us there?**

Don't miss out! Register your interest now to attend the Trustee Training Conference in July 2010. Grab your chance to find out everything you've ever wanted to know about your superannuation and financial investments.

**The Le Lagon Resort, Vanuatu, will host the event.** Conference starts on Wednesday 7th July 2010 with an optional half-day tour of Ekasup Village and a welcome dinner. A farewell dinner will be held for all delegates when the conference finishes on Friday 9th July.

This is an invaluable opportunity for trustees of SMSFs, investors considering starting a SMSF and professionals new to the industry, to gain an understanding of the processes and responsibilities involved.

Whatever your interest, you're sure to come back armed with fresh insight into cutting-edge retirement planning strategies PLUS all the information you need to take control of your financial investments.

## **Finally — the answers to your pressing questions!**

Special attention will be paid to the latest developments in the ever-changing areas of superannuation and investment. AND we'll provide answers to your most pressing questions — such as:

- Could someone please explain the rules and pitfalls of investments in language I can understand?
- What happens to my super if I die? Or if my spouse dies?
- I want to make wise investments — what are the latest developments affecting the market?

- How will my transition to retirement affect my super?
- Are there any changes in legislation that affect me?

## **Gain expert advice from those in the know**

All our speakers are superannuation specialists who are seasoned and accredited members of the legal, financial planning and accounting professions. They will shed light on many issues and provide practical solutions to real issues.

### **Places are limited**

To be part of this exciting event, contact the team at Superannuation Services and we'll secure your place. Registration forms, which will include details on the costs, will be sent out early in 2010. Attendees must make their own flight and accommodation arrangements.

**Phone: 07 3899 5637 or  
07 5496 9899**

