How super works

VicSuper FutureSaver Member Guide

Date prepared 13 November 2020

Contents

The information in this document forms part of the *VicSuper FutureSaver Product Disclosure Statement* (PDS) dated 13 November 2020. It is based on laws that were current at 1 October 2020.

Issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340) the trustee for Aware Super (ABN 53 226 460 365). This Member Guide has been prepared by Aware Super Pty Ltd (referred to in this document as the 'Trustee', 'we', 'us', 'our'), the trustee for Aware Super (referred to as 'Aware Super' or 'the Fund'). VicSuper is a division of the Fund which includes the VicSuper FutureSaver product. The Fund is governed by a trust deed ('Trust Deed') as amended from time to time. For a copy of the Trust Deed see **vicsuper.com.au/trustdeed** or alternatively, you can contact the Member Centre on **1300 366 216**.

VicSuper FutureSaver was previously a product in the Victorian Superannuation Fund. It is now offered by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to the Fund on 1 July 2020. The Victorian Superannuation Fund no longer exists as a separate fund.

A brief overview of how superannuation (or super) works is broken up into three sections below. More information about how super works is available at **vicsuper.com.au/super**

Contributions	Important contribution rules	Access to your super benefits
Super is a tax-effective way to build your wealth for later life and there's a number of ways you can contribute to your account including rollovers, salary sacrifice and personal after-tax contributions.	There are important contribution rules and caps[1] for super. It is important to understand these, as in some cases, you may have to pay additional tax at a higher rate if you breach rules or exceed caps.	It is important to understand that super is a preserved benefit. Generally, you cannot access your super until you reach your preservation age and permanently retire.

Contributions

The table below provides a summary of some of the many ways to add to your super account.

Before-tax/concessional contributions 2020/21

Contribution type	Description	Notes
Employer superannuation guarantee (SG) contributions	Your employer is generally required to contribute 9.5% of your Ordinary Time Earnings (OTE) (usually your gross salary) on your behalf to your super. This contribution is compulsory.	**Contribution caps and tax:** **For the 2020/21 financial year** the concessional (before-tax) contributions cap is $25,000 pa, regardless of your age. This is an annual cap per person across all super funds. You are taxed on the contributions above this cap at your marginal tax rate plus an interest charge. You receive a tax offset equal to 15% of the excess for the contributions tax already paid by the Fund. The excess contributions will be counted towards your non-concessional contributions cap, but will generally be reduced by any amount of the excess you choose to release from a super fund. Before-tax contributions are taxed at a rate of 15%. However, if your annual adjusted taxable income exceeds $250,000 pa, these contributions are generally taxed at an effective rate of 30% (the additional 15% is payable by the individual as advised by the ATO). You may be able to carry forward and utilise your unused concessional contribution cap amount for up to five years, provided your total super balance is less than $500,000 on 30 June of the previous financial year.
Additional employer contributions	These are additional contributions your employer can make in excess of the minimum 9.5% SG to your super. These contributions may arise from industrial awards, agreements or other terms of employment.	
Salary sacrifice contributions	These are contributions you can make out of your regular pay, before income tax has been deducted. These contributions may be tax-effective for your situation.	
SG contributions paid by an employer to the Australian Taxation Office (ATO)	This is money held by the ATO for you if an employer did not make sufficient SG contributions to your super fund. Contact the ATO on **13 10 20** as you may be able to nominate the Fund to receive these contributions back from the ATO.	
Personal deductible contributions	These are contributions you make into your own super, for which you can claim a tax deduction in your tax return. These contributions are subject to age eligibility and work tests. **Note:** To claim a tax deduction you must give us a '*Notice of intent to claim or vary a deduction for personal super contributions*' form before the earlier of when you submit your tax return and the end of the next financial year.	

1. Contribution caps are set by law and limit the amount of super contributions you can make each year without incurring additional tax.

After-tax/non-concessional (member) contributions 2020/21

Contribution type	Description	Notes
Personal after-tax contributions	These are contributions you can make out of your regular pay, after income tax has been deducted – or as a one-off lump sum. These contributions are subject to age eligibility and work tests.	**Contribution caps and tax:** Non-concessional (after-tax) contributions are tax-free up to a cap of $100,000 pa. You will have a non-concessional contributions cap of $0 if your total super balance at 30 June of the previous financial year is equal to or greater than the general transfer balance cap of $1.6 million for the 2020/21 financial year. Generally, if you are under age 65 you can bring forward two years of future entitlements, equalling a cap of $300,000 over three years (if your total super balance is equal to or greater than $1.4 million, your eligibility to bring forward is reduced). These caps apply per person across all super funds that you may have. **Exceeding the non-concessional caps:** If you exceed the cap, you will be notified by the ATO. If you do not elect for the excess and the related earnings to be refunded, additional tax will be applied. Excess contributions are taxed at the top marginal tax rate plus Medicare levy. If you elect to refund the excess and the related earnings, you will be taxed on the earnings at your marginal tax rate. You will be entitled to a non-refundable tax offset equal to 15% of the earnings. Additional tax may apply.
Spouse contributions	Contributions that you can make into your spouse's super account, or that your spouse can make into your super account. This may be an effective strategy to reduce the tax you pay as a couple. These contributions are subject to age eligibility and work tests.	

Further definitions relevant to contributions	
Rollovers	To roll over means moving money from one super fund to another.
Government co-contribution	If you're eligible, the government will match your personal contributions with $0.50 for every $1 you contribute up to $500. This is available if you have a total income below $39,837 pa and reduces on a sliding scale up to $ 54,837 pa. Eligibility conditions include any after-tax contributions you make not exceeding your cap and, as at 30 June of the previous financial year, your total super balance is less than the transfer balance cap ($1.6 million for 2020/21).
Super contributions splitting	You may be able to transfer some of your before-tax contributions into your spouse's super account after the end of the financial year.
CGT exempt contributions	Contributions to super, which come from the sale of a small business, subject to limits. Contact your tax accountant for more information.
Low income super tax offset	The Low Income Super Tax Offset (LISTO) can help eligible low-income earners save for their retirement. A LISTO is for members who earn $37,000 or less per year (adjusted taxable income). Eligible members who have provided their TFN number will automatically receive a government super payment that is 15% of their before-tax super contributions – up to a maximum of $500.
Downsizer contribution	If you are aged 65 or over, you can contribute into your super up to $300,000 ($600,000 for couples) from the proceeds of selling your home, which you have owned for 10 years or more. Your downsizer contribution will not count towards your contribution caps. Conditions apply.

Rollovers

To roll over means transferring funds you have in one complying super fund into another.

Changing jobs can leave you with several accounts in different super funds. Having multiple accounts may mean you are paying unnecessary fees that are eating into your retirement savings.

Consolidating your funds into one account may have several benefits, such as:

- reducing the fees and costs of investing your super
- cutting down paperwork
- reducing the likelihood that you'll lose track of where your super is invested.

You can roll over your super from other complying super funds at any time, although some super funds may limit the number of times you can roll out of their fund in a year.

It is also important to note that it is not possible to roll over an Employment Termination Payment (ETP) into super.

We do not charge you a fee to roll money in or out of your FutureSaver account.

Before you roll money over from another fund, you should check for any tax implications and how any insurance cover or other benefits you may have with your other fund will be affected.

How do you roll over to us?

Head to our website at **vicsuper.com.au/forms** and download the *Roll over your super to a VicSuper product* form (V303).

The fund you are rolling out of may ask for our Unique Superannuation Identifier (USI), which is **53226460365011**.

You may also need to quote our ABN which is **53 226 460 365**. We will arrange your rollover on your behalf, at no extra charge.

Superannuation guarantee (SG)

Australian employers are currently required to pay 9.5% of your Ordinary Times Earnings or OTE (generally your gross salary) as SG contributions. Your employer is not obliged to pay SG contributions until your salary exceeds $450 gross per calendar month.

If your employer is required to make contributions under an award or agreement, these contributions can be made regardless of your age.

If your employer chooses to make additional contributions which are not for the purpose of satisfying the employer's SG, award or agreement obligations, then these contributions can be made up until age 75, subject to you meeting work test requirements. Final applicable contributions must be received by us within 28 days from the end of the month in which you turn 75. Please note that for members aged 75 years old or over, mandated employer contributions that relate to a valid contribution period for the member can be accepted.

Changing jobs? Take your super with you!

With choice of fund legislation, it's likely that you can choose to have SG contributions paid by your new employer into your VicSuper FutureSaver account.

This way, you can keep your super in one place, even if you change jobs.

To stay with us, complete a *Choice of superannuation fund – Choice nomination* form (V1005) and give it to your employer, available at **vicsuper.com.au/forms**

Salary sacrifice

Salary sacrificing your super contributions involves paying some of your before-tax salary into your super account.

When you and your employer enter into a salary sacrifice arrangement, your employer pays contributions directly from your gross salary into your super account before you pay personal income tax. Salary sacrificing may lower your taxable income and marginal tax rate as more of your salary is being paid into your super fund instead of being taxed as income.

You are eligible to make salary sacrifice contributions if you are under age 67. Additional eligibility criteria outlined in the 'The work test' section outlined on page 8 applies if you are between age 67 and 74 (inclusive).

You cannot make salary sacrifice contributions after you turn age 75.

Once you turn age 75, the final salary sacrifice contribution must be received by us within 28 days from the end of the month in which you turn 75.

How do you start salary sacrificing?

You'll need to check with your employer first to ensure they can accommodate salary sacrifice contributions because contributions are arranged through your employer's payroll team. If they can, you can salary sacrifice from your future regular salary, bonuses and/or allowances.

How to set up salary sacrificing

1. Head to our website at **vicsuper.com.au/forms** and download the *Make a personal and/or salary sacrifice contributions through your employer* form (V302).
2. Complete the form and then give it to your HR or payroll manager.
3. They will start making payments into your account.

Personal deductible contributions

These are contributions you make into your own super, for which you can claim a tax deduction in your tax return.

Most members under the age of 75 are able to claim tax deductions for personal super contributions. Eligibility to make these contributions is subject to the same age and work test as outlined in the 'Personal after-tax contributions' section that follows.

Personal deductible contributions will count towards your concessional (before-tax) contributions cap of $25,000. The amount counted is based on the deduction claimed in your tax return.

After you've made a personal after-tax contribution into your VicSuper FutureSaver account, you have until the earlier of, before you lodge your tax return and the end of the following financial year, to claim your tax deduction. You have to let us know you intend to claim a deduction in your tax return by completing the *Notice of intent to claim or vary a deduction for personal super contributions* form before the deadline noted above.

You'll then get a letter back from us, which you'll need to use to claim your deduction in your tax return. If you do not provide a 'notice of intent' form the contributions will count towards the non-concessional cap instead.

If you leave the Fund, roll over to a VicSuper Flexible Income account or make a partial withdrawal from your account, you must provide this form to us prior to the withdrawal to ensure you are still able to claim a tax deduction.

For a copy of the form, download the form from the ATO website **ato.gov.au** or **vicsuper.com.au/forms**

Contact our Member Centre on **1300 366 216** to discuss your eligibility to claim deductions.

Personal after-tax contributions

Personal after-tax (or non-concessional) contributions are contributions you make using after-tax money.

The advantages of making a personal contribution, within the non-concessional (ie after-tax) cap are that they are not subject to tax when you contribute the money to super, or when you withdraw it, and you may also be eligible to receive a government co-contribution. Additionally, investment returns in super are taxed up to a maximum of 15%, compared with up to the top marginal tax rate (plus the Medicare levy) that may be applied on earnings from other types of investments.

You are eligible to make personal contributions if you are under age 67. Additional eligibility criteria outlined in the 'The work test' section outlined on page 8 applies if you are between age 67 and 74 (inclusive).

You are not eligible to make personal contributions after you turn age 75. The final contribution must be received by the Fund within 28 days from the end of the month in which you turn age 75.

If your after-tax contributions are in excess of the non-concessional contributions cap, additional tax may apply.

Make personal deductible and personal after-tax contributions

There are lots of ways to make contributions to your VicSuper FutureSaver account. Select from these options to find the one that suits you best. Any of the forms you'll need can be downloaded from our website at **vicsuper.com.au/forms** or you can call us on **1300 366 216** for a copy.

Online via BPAY

1. Log in to VicSuper MembersOnline.
2. Select 'Grow my Super', and then select 'Add to my Super'.
3. Read and follow the prompts on screen.
4. You'll also be provided with a biller code and a reference number, so make a note of these.
5. Then, head to your financial institution's website (or use their phone banking services) to transfer your contribution, using your biller code and reference number as provided.

Cheque or money order

1. Head to our website and download the *Make a personal contribution directly to a VicSuper product* (V301) or *Make a personal deductible contribution to a VicSuper product* form (V311).
2. Complete the form, and post it along with your cheque or money order for your contribution amount to: VicSuper Team, Aware Super, GPO Box 89, MELBOURNE VIC 3001

Regular deductions from your salary

1. Check with your HR or payroll department if you can make personal contributions into your super directly from your salary.
2. Head to our website and download the *Make a personal and/or salary sacrifice contributions through your employer* form (V302).
3. Complete the form and give it to your HR or payroll officer (do not give it to us). They'll arrange the rest with us directly. Your employer must send deductions from your pay to us by the 28th day of the month after the month of deduction.

Direct Debit

1. Head to our website and download the *Personal contributions via direct debit* (V307) or *Personal deductible contributions via direct debit* form (V312).
2. Complete the form – be sure to include the monthly amount you'd like us to direct debit from your nominated bank account – and post it to us: VicSuper Team, Aware Super, GPO Box 89, MELBOURNE VIC 3001

First home super saver scheme (FHSSS)

The FHSSS is aimed at helping Australians boost their savings for their first home by allowing them to build a deposit inside super.

The FHSSS applies to voluntary super contributions of up to $15,000 per year and $30,000 in total across all years. These contributions, along with deemed earnings (at the rate of the 'Shortfall Interest Charge'), can be withdrawn for a home deposit on your first home.

These contributions will be subject to existing caps.

This process is administered by the ATO. Visit **ato.gov.au** for more information or speak to one of our financial planners.

For tax implications, refer to **vicsuper.com.au/memberguide** 'How super is taxed'.

Government co-contribution

To encourage Australians to build their super, the government has a co-contribution initiative. If you're eligible, the government will contribute $0.50 for every $1 of personal (after-tax) contributions you make into super in a financial year, up to a maximum of $500.

To receive the maximum co-contribution of $500, you have to earn less than $39,837 in the 2020/21 financial year and you need to make a personal contribution of $1,000. The maximum co-contribution reduces for every dollar of income you earn over $39,837 per annum, phasing out completely if your total income is $54,837 per annum or greater.

To qualify for the co-contribution, you need to:

- make a personal (after-tax) contribution into your super fund by 30 June
- have a total income below $54,837 per annum (total income is defined below)
- earn at least 10% of your gross total income as an employee, from operating a business, or both
- not be a temporary resident of Australia at any time during the year
- be under age 71 at the end of the financial year
- not exceed your non-concessional contribution cap for the year
- have a total super balance as at 30 June of the previous financial year less than the general transfer balance cap (which is $1.6 million for the 2020/21 financial year)
- lodge a tax return for the same financial year in which you made the contribution.

Your total income includes:

- your assessable income for the financial year
- your reportable fringe benefits for the fringe benefits tax year (1 April to 31 March)
- your reportable super contributions for the financial year (eg generally any salary sacrifice and personal deductible contributions).

These criteria apply to both employees and self-employed people.

Government co-contributions do not count towards either your concessional or non-concessional contribution caps.

If you claim a tax deduction for your personal contribution, this amount won't be eligible for a co-contribution.

The ATO will automatically match information from your tax return with information provided by us. If you're eligible, the co-contribution will be paid into your super account during the following financial year and will be preserved until you meet a condition of release. Read the 'Conditions of release' section in this guide for details.

The co-contribution will generally be deposited into the super account with the most personal contributions this financial year, or which received a co-contribution previously (if applicable). To specify the super account your co-contribution should be paid to, download a *Superannuation Fund Nomination* form from **vicsuper.com.au/forms**

To find out more about the government co-contribution initiative, contact the ATO Superannuation Infoline on **13 10 20** or visit **ato.gov.au**.

Low income super tax offset

The Low Income Super Tax Offset (LISTO) can help eligible low income earners save for their retirement.

A LISTO is for members who earn an adjusted taxable income of $37,000 or less per year. Eligible members will receive a government super payment that is 15% of their before-tax super contributions – up to a maximum of $500.

Members do not need to apply for a LISTO. The ATO will determine a member's eligibility using information on their income tax return and/or other available information. LISTO payments will be made within 14 months from the end of the financial year in which the before-tax contributions were made.

Members must provide their TFN to us to receive their LISTO payment.

Eligible spouse contributions

These are contributions paid by your spouse into your account on your behalf. These contributions may reduce the tax your spouse pays.

Your spouse does not need to be a member of the Fund to make eligible spouse contributions on your behalf. If your spouse has made eligible spouse contributions into your account, they may be eligible for a tax offset of up to $540 each financial year. The tax offset reduces when your adjusted income is greater than $37,000 and phases out completely when your adjusted income exceeds $40,000.

Your spouse can make eligible spouse contributions on your behalf at any time if:

- they are your legal spouse, or
- they are a person living with you on a bona fide domestic basis as your partner (this includes same sex couples), and
- you are under age 75. Additional eligibility criteria outlined in the 'The Work test' section outlined in the next column applies if you are between age 67 and 74 (inclusive).

Eligible spouse contributions cannot be made through salary sacrifice arrangements. Once you the member turn 75, the final eligible spouse contribution must be received by us within 28 days from the end of the month in which you turn 75. The spouse receiving the contribution will need to provide their TFN to us on the contribution form.

Eligible spouse contributions are after-tax contributions and count towards the cap of the spouse receiving the contribution.

The spouse making the contribution will not be eligible for the tax offset if:

- the after-tax contributions of the spouse receiving the contribution are in excess of that spouse's non-concessional contributions cap, or
- the total super balance of the spouse receiving the contribution on 30 June of the previous financial year equals or exceeds the general transfer balance cap. For the 2020/21 financial year this cap is $1.6 million.

How to make spouse contributions

You or your spouse can make eligible spouse contributions. Any of the forms you'll need can be downloaded from our website at **vicsuper.com.au/forms**

Or you can call us on **1300 366 216** for a copy.

Online via BPAY

1. Head to our website and download our *Eligible spouse contributions* form (V306).
2. Send your completed form to us: VicSuper Team, Aware Super, GPO Box 89, MELBOURNE VIC 3001
3. Once we receive your form, we'll mail you the biller code and reference number – make a note of these as you'll need them to make your contribution.
4. Head to your financial institution's website (or use their phone banking services) to transfer your contribution, using the biller code and reference number we gave you.

Direct Debit

1. Head to our website and download an *Eligible spouse contributions via direct debit* form (V308).
2. Send your completed form to us: VicSuper Team, Aware Super, GPO Box 89, MELBOURNE VIC 3001

Cheque or money order

1. Head to our website and download an *Eligible spouse contributions* form (V306).
2. Complete the form, and post it along with your cheque or money order for your contribution amount to: VicSuper Team, Aware Super, GPO Box 89, MELBOURNE VIC 3001

The work test

If you are between age 67 and 74 (inclusive), voluntary contributions such as salary sacrifice, personal and spouse contributions can only be made if you have been gainfully employed for a minimum of 40 hours in a period of not more than 30 consecutive days in the financial year in which the contributions are made.

However, if your total super balance is less than $300,000 at the end of the previous financial year, you can make voluntary contributions for an additional 12-month period from the end of the financial year in which you last met the work test. This work test exemption can only be used once and you will not be able to make contributions in subsequent financial years.

Downsizing contributions

If you are aged 65 or older and meet the eligibility requirements, you may be able to make a downsizer contribution into your super of up to $300,000 from the proceeds of selling your home (or $600,000 for couples).

This applies to the sale of your home, which you or your spouse have owned for at least 10 years and which was your main residence, where the exchange of contracts for the sale occurred on or after 1 July 2018.

It is not a non-concessional contribution and will not count towards your contributions caps.

It will count towards your transfer balance cap, currently set at $1.6 million as well as the Age Pension means test. This cap applies when you move your super savings into retirement phase, eg if you move your super balance, including your downsizer contribution, to a VicSuper Flexible Income account.

Your downsizer contribution will not affect your total super balance until your total super balance is re-calculated to include all your contributions, including your downsizer contributions, on 30 June at the end of the financial year.

Visit **ato.gov.au** for more information or speak to one of our financial planners.

Super contributions splitting

You can transfer certain types of super contributions to the super account of your spouse.

You can split up to 85% of before-tax contributions (which includes SG, salary sacrifice, additional employer contributions and personal deductible contributions) and, in any event, not more than the concessional contributions cap. You cannot split non-concessional contributions (eg after-tax personal and eligible spouse contributions).

Contributions can be split provided:

- each partner agrees to the split
- the eligible contributions were made during the previous financial year and/or the current financial year provided you are exiting your VicSuper FutureSaver account. Please note due to the successor fund transfer between the Victorian Superannuation Fund and Aware Super (formerly, First State Super), you cannot submit contribution splitting applications for the 2019/20 financial year after 30 June 2020.

- the couple is married or in a de facto relationship (includes same sex couples)
- the 'receiving' spouse has not reached preservation age, or is between preservation age and age 65 and not yet permanently retired
- you, the member, have not already made an application in respect of the same financial year.

Please refer to the tables on page 3 and 4 for the applicable contribution caps and tax details.

Split contributions are preserved until the receiving spouse reaches their preservation age and permanently retires or turns age 65. Remember, the original amount before being split is counted towards the concessional contributions cap of the person making the split.

Split contributions are considered as rollovers and do not count towards the non-concessional contributions cap of the person receiving the split.

If a contributions split is made from your account to another fund, there must be a minimum balance of $6,000 remaining in your account after the split. If your spouse is a member of our Fund, you must leave a minimum balance of $7,000 in your account after the split has occurred.

How do you apply to split your eligible contributions?

1. Head to our website and download a *Contributions splitting* form (V310).
2. Send your completed form along with certified proof of identity for both you and your spouse to us: VicSuper Team, Aware Super, GPO Box 89, MELBOURNE VIC 3001
3. We will notify you in writing when the contributions split amount has been debited from your account.

What's the difference between eligible spouse contributions and contributions splitting?

Contributions splitting is used by people to transfer contributions such as SG contributions or salary sacrifice to their spouse. This may be beneficial if their spouse is approaching preservation age. It can also be tax-effective if both you and your partner are planning to receive a pension between preservation age and age 59 inclusive.

Eligible spouse contributions are made using after-tax savings. People use these to contribute to their spouse's super. A tax offset of up to $540 per annum may be available on the contributions.

Inactive low-balance accounts will be transferred to ATO

The Protecting Your Super law aims to protect members' super balances from being eroded by fees. To help Australians consolidate multiple super accounts, we are required to transfer any inactive accounts with less than $6,000 to the ATO. The ATO will then try to combine that account with an active super account you may have elsewhere.

Accounts transferred to the ATO may be rolled into another super account with a different super fund. Therefore, you may no longer enjoy the benefits of being in a profit-to-member super fund.

What is an 'inactive low-balance' account?

Your account will be deemed to be inactive if:

- Your account has not received a contribution or any other amount for the last 16 months and
- you have less than $6,000 in the account and
- there are no outstanding contributions, or any other amounts owed to your account and
- you have no insurance cover with us and
- you have not met a relevant condition of release allowing you to access your super.

How can you stop this from happening?

If you want to stop your account from being transferred to the ATO, you can take one of these actions to make your account 'active':

- change or update your investment options
- make a contribution or roll-in to the account
- make changes in relation to your insurance
- make or amend a binding death benefit nomination, or
- provide written notice to us, declaring you are not a member of an inactive low balance account.

Unclaimed super

Your account may also be paid to the ATO in specified circumstances where we have attempted to contact you but have been unsuccessful. Further details on unclaimed super are available at **ato.gov.au**

Accounts that will have their insurance cover cancelled

Under the Protecting Your Super laws, if you do not receive any personal or employer-paid contributions or roll-overs into your account for a continuous period of 16 months, any insurance cover you hold with us will be automatically cancelled.

We'll write to you if your VicSuper FutureSaver account has not received any personal or employer-paid contributions or roll-overs after 9, 12 and 15 months to help you decide if you wish to continue with your cover.

If you want to keep your insurance active, you must:

- make a contribution or roll in to your account, or
- provide written instruction to us to maintain your cover.

For details, refer to the *Insurance Handbook* available at **vicsuper.com.au/memberguide**.

Important contribution rules

Before-tax contributions (eg SG, salary sacrifice and personal deductible contributions) and after-tax contributions (eg personal after-tax contributions) are subject to caps.

For more on caps, refer to 'Tax – contributions' in the Member Guide 'How super is taxed' available at **vicsuper.com.au/memberguide**

What happens if I exceed my contribution caps?

You are taxed on any before-tax contributions above the cap at your marginal tax rate plus an interest charge. You receive a tax offset equal to 15% of the excess for the contributions tax already paid by the Fund. If you exceed the concessional (before-tax) contributions cap, the excess will be counted towards your non-concessional (after-tax) contribution cap, but will generally be reduced by any amount of the excess you choose to release from the super fund.

You have the option of withdrawing excess before-tax contributions from your super fund. However, this does not alter the tax treatment outlined above.

If you exceed the non-concessional (after-tax) contributions cap you will be notified by the ATO. If you do not elect for the excess and the related earnings to be refunded (if the contributions are still in a super fund), then additional tax will be applied.

The excess contributions are taxed at the top marginal tax rate plus Medicare levy. If you elect to refund the excess and the related earnings, you will be taxed on the earnings at your marginal rate. You will be entitled to a non-refundable tax offset equal to 15% of the earnings.

Additional tax may apply.

Access to your super benefits

Your super benefits are generally preserved until you reach your preservation age and permanently retire. Your preservation age depends on when you were born and is shown in the table below.

Date of birth	Preservation age
Before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
After 30 June 1964	60 years

You are considered permanently retired if your present intention is to never again become gainfully employed for 10 hours or more per week.

Super amounts are divided into three categories:

1. preserved
2. restricted non-preserved
3. unrestricted non-preserved.

Preserved amounts remain in your account until you meet a condition of release. Read the 'Conditions of release' section in this guide for details.

Government rules require that any restricted non-preserved money remain in your super account until you:

- cease employment with an employer who contributed to the Fund on your behalf, or
- meet one of the conditions of release for preserved amounts.

Unrestricted non-preserved funds can be withdrawn at any time from your account. You can choose the investment options from which your unrestricted non-preserved funds will be paid, provided you have unrestricted non-preserved money in those investment options (conditions apply if you are invested in the Term Deposit investment option).

Claiming a benefit

To claim a benefit, contact us or log into VicSuper MembersOnline to download a copy of the appropriate form. You can access your super by taking a lump sum or by commencing an income stream.

You may want to get advice from one of our financial planners particularly if you are under age 60 and are making a withdrawal as there could be tax implications.

Conditions of release

Your super can be accessed in certain circumstances where a 'condition of release' has been met.

You can access the preserved money in your account if you:

- reach your preservation age (at least 55, depending on your date of birth) and permanently retire from the workforce. You are considered permanently retired if you have a present intention to never again become gainfully employed for 10 hours or more each week
- reach your preservation age and access your super in the form of a transition to retirement income stream
- reach age 60 and you cease an employment arrangement with an employer
- cease employment with a registered employer of the Fund and have a preserved benefit that is less than $200
- have a benefit that is less than $200 and you were previously a lost member
- meet one of the early release conditions (see below)
- need to pay a release authority from the ATO
- have left Australia permanently after being here on an eligible temporary visa that has expired or been cancelled
- turn age 65
- become permanently incapacitated
- are diagnosed as having a terminal medical condition, and
- you die, in which case your estate or beneficiaries will be able to access your account.

Early release conditions

You may apply for early release of all or part of your benefit if:

- you meet the criteria for early release on the grounds of severe financial hardship and you apply to us
  - To access your super under this criterion, Commonwealth legislation requires you to have been in receipt of Commonwealth income support payments. If you have reached your preservation age, you must have been in receipt of these payments for at least a cumulative period of 39 weeks. If you are under your preservation age, you must have been in receipt of these payments for at least 26 consecutive weeks.
  - Access limits apply and you must obtain a Centrelink Q230 or Q251 letter confirming you are in receipt of benefits.
- you may apply to the ATO on compassionate grounds if you have not been in receipt of long-term Commonwealth income support for the required period. Generally, the grounds on which the ATO will release benefits for compassionate reasons include:
  - to pay for medical treatment or medical transport for yourself or a dependant where the treatment is not readily accessible through the public health system. The medical treatment must be necessary to treat a life threatening condition, alleviate acute or chronic pain, or alleviate an acute or chronic mental disturbance. Certificates to this effect, from two medical practitioners (one is a specialist) are necessary.
  - to enable you to make a payment on a loan to prevent foreclosure on, or a mortgagee sale of, your principal place of residence (home).
  - to modify your family home and/or vehicle to meet special needs of a severely disabled member or their severely disabled dependant.
  - to pay for palliative care for yourself or a dependant.
  - to pay for expenses associated with the death, funeral or burial of a dependant of you.
  - to meet other expenses where the release is consistent with any of the above grounds.

If you have a benefit approved by the ATO to be released, you will be required to provide certified proof of identity, along with your letter of approval from the ATO and signed instructions on how you would like your benefit paid.

Temporary residents

If you are a temporary resident, you can usually receive your super when you leave Australia and your visa expires or is cancelled. If you intend to claim your superannuation benefit directly from us when you depart, you should request a port and date stamp for your passport from Australian Customs, otherwise you can apply online through the Australian government.

If you don't claim your super within six months of both departing Australia and the cancellation or expiry of your visa, the ATO will instruct us to transfer your balance to the ATO as unclaimed monies. In such cases, we are not obliged to notify a member of transfers to the ATO. If this occurs, you will need to claim your superannuation directly from the ATO by calling their superannuation line on **13 10 20** (within Australia) or **+61 2 6216 1111** (from outside Australia), or emailing them at **DASPmail@ato.gov.au**.

For more information regarding the eligibility criteria, contact our Member Centre on **1300 366 216** (if calling from outside Australia **+61 3 9667 9875**).

Other conditions of release

Temporary early release of super

The Federal Government is allowing individuals affected by the Coronavirus to access up to $10,000 of their super in 2020-21.

If you are eligible for early release, you will not need to pay tax on amounts released and the money you withdraw will not affect Centrelink or Veterans' Affairs payments.

Applications and eligibility is determined by the ATO. For more information visit **ato.gov.au** or contact the Member Centre on **1300 366 216**.

Transition to retirement

You can access your super in the form of a VicSuper Flexible Income (with transition to retirement feature) once you reach your preservation age, regardless of whether you have retired. This enables people who have reached their preservation age to remain employed and access their super benefits via an income stream while giving them the flexibility to reduce the hours they work.

Resignation or retrenchment

If you resign or are retrenched, you may meet one of the conditions of release. If so, you may be able to access your super benefit.

Permanent incapacity

You may apply for the early release of your account balance on the grounds of 'permanent incapacity'. Benefits can be paid if we are reasonably satisfied that you are unlikely to engage in gainful employment for which you are reasonably qualified by education, training and experience due to physical or mental ill-health.

Terminal medical condition

You may apply for early release of your account balance should you be diagnosed with a terminal medical condition. A terminal medical condition exists if:

- two registered medical practitioners have certified, jointly or separately, that you are suffering from an illness, or have incurred an injury, that is likely to result in death within 24 months from the date of the certification, and
- at least one of the registered medical practitioners is a specialist practising in an area related to the condition, and
- the certification period of 24 months has not ended.

Benefits paid to terminally ill members with a life expectancy of less than 24 months are paid tax-free.

Minimum account balance requirements

To keep your account with us open, when you request a partial transfer or withdrawal from your account, a minimum balance needs to remain in the account:

- For partial transfers to another complying super fund, the minimum balance is $6,000.
- For partial transfers to another account with us, the minimum balance is $7,000.
- For partial withdrawals, the minimum balance is $7,000.

If a partial transfer or withdrawal would result in your balance falling below the minimum, we have the discretion as to whether to accept the transfer or withdrawal request. Consideration will be given on application.

Other information

Complaints resolution

We aim to provide you with helpful and professional service by addressing your concerns as compassionately, effectively and efficiently as possible.

We have a procedure for dealing with member enquiries or complaints about the operation or management of the Fund.

If you are dissatisfied with an aspect of our service, you can phone or write to us at the address below to register your complaint with us and we will review the matter. We will investigate your complaint and provide a response within 90 days, or provide an explanation for additional time required.

The contact details are:
Tel: **1300 366 216**
Fax: **(03) 9667 9610**
Postal address:
VicSuper Complaints Coordinator
Aware Super
GPO Box 89 MELBOURNE VIC 3001

If you are not satisfied with the outcome of our complaint review or our handling of your complaint, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: **www.afca.org.au**
Email: **info@afca.org.au**
Telephone: **1800 931 678** (free call)
Postal address: GPO Box 3 MELBOURNE VIC 3001

AFCA will only consider a member's complaint if they have first lodged a complaint with us, which was not resolved to their satisfaction.

AFCA does not consider privacy complaints. For details of how to make a privacy complaint, please refer to our privacy policy.

Privacy

We are subject to the Australian Privacy Principles in the *Privacy Act* 1988 (Cth). We, and our administrator, collect and hold personal information relating to members. The member information we hold is used for administration purposes, the provision of financial planning advice and for promotional activities.

In some cases, we engage third parties to host electronic data (including data in relation to the services we provide) on our behalf.

These data warehouses may be located overseas in countries including Germany, the United Kingdom and the United States and must have in place appropriate security and privacy protocols. If we do not have all your necessary personal information, we may not be able to process an application from you or you may not receive certain benefits that you are entitled to as a member.

We take security measures to protect the personal information we hold. Your information is only accessible by Fund personnel and authorised service providers of the Trustee, including the administrator and insurer. Access to your details is protected, however your spouse/de facto may be entitled to obtain information about your super in certain circumstances (ie family law matters).

Our privacy policy contains information about how you may access and seek correction of your personal information, how you may complain about a breach of your privacy and other important information about how your personal information is collected, used and disclosed. For further information about how your personal information is handled, please phone us on **1300 366 216** or visit **vicsuper.com.au/privacy** to view our privacy policy. A paper copy of the policy can be provided free of charge on request.

Information about the Trustee

For information about us including our board of directors, their appointment and election procedures and Australian Prudential Regulation Authority (APRA) and Australian Financial Services licences, please visit **vicsuper.com.au**

Super and bankruptcy

Under the *Bankruptcy Act* 1966, super contributions made on or after 5 August 2006 in order to defeat creditors can be recovered by the trustee of a bankrupt's estate. In certain circumstances a super trustee can be served with freezing orders and payment orders from the Official Receiver in respect of a bankrupt's super account. There are also circumstances in which a court can order payment of money from the account to the trustee of the bankrupt's estate.

We are required by law to comply with such orders.

Family law legislation

Under the *Family Law Act* 1975, in the event of a divorce the Family Court treats super benefits in the same way as other property that can be valued and split or offset, and makes orders that bind a super fund trustee.

These options are also available to de facto couples, including same sex couples, on the breakdown of the relationship.

Alternatively, divorcing partners may draw up their own financial agreement regarding their super which, when properly executed and served, will be binding on the Trustee.

We may be required to:

- divide super benefits between the former partners
- create a new account for a spouse who was not previously a member of the Fund to hold their share of super benefits as a result of divorce
- flag benefits to be divided later on (eg after a disability claim is resolved).

Although super may be divided like property, super benefits that are split or offset on divorce will retain their preservation status and will be subject to relevant legislation governing payment and taxation of super benefits.

In addition, under the legislation trustees are obliged to provide each spouse with the information necessary to value super benefits so court orders or agreements can be made.

Get in touch – we're here to help

Call our Member Centre
1300 366 216 (from outside Australia **+61 3 9667 9875**)
and speak to a super consultant between
8.30am and 5pm, Monday to Friday

To make an appointment to see one of our
financial planners call **(03) 9667 9200**

Send us a fax
(03) 9667 9610

Write to us
VicSuper Team
Aware Super
GPO Box 89
MELBOURNE VIC 3001

Browse our website
vicsuper.com.au

Download our app
vicsuper.com.au/mobileapp

Manage your account online
Simply visit our website to login

V326 11/20