



MARCH 2013

Salary sacrificing into super. What's it all about?

Salary sacrifice is an arrangement with your employer where you agree to receive part of your gross pay as a benefit rather than as cash. The advantages of this are that it reduces your taxable income by the value of the benefit, and the benefit itself may be taxable at a lower rate than normal.

The most common type of salary sacrificing is into superannuation. When contributing to super via salary sacrifice, these contributions are generally taxed at 15 percent. If you earn more than say \$35,000 per year, you will be paying tax at a higher rate, so salary sacrifice could represent a substantial saving, as well as a welcome encouragement to help you save for retirement.

For example, imagine you are paying tax at the top rate of 46.5 percent (including the 1.5 percent Medicare levy). For every \$100 of before-tax salary you earn, you take home \$53.50. But if you salary sacrifice \$100 into your super, \$85 will land in your super account because the super contribution is taxed at only 15 percent. This is a very welcome \$31.50 more for every \$100 dollars.

“Salary sacrifice could represent a substantial saving, as well as a welcome encouragement to help you save for retirement.”

> continued overleaf

Language no barrier to income protection claim.

Ronaldo Costa is a Brazilian who has been living and working in Australia on a temporary visa for the past few years. He and his friend, Marcelei, who comes from the same Brazilian region, worked together at JBS Australia Beef City in Toowoomba until Ronaldo moved to Scone in NSW.

Regardless of the distance between them, Ronaldo and Marcelei kept in regular contact with each other.

A new job opportunity at Oakey Abattoir meant that Ronaldo was making arrangements to move back to Toowoomba when disaster struck, he broke his foot.

The injury prevented him from taking up the new position which in turn, presented the next serious problem—money. Being on a temporary visa meant that Ronaldo was not eligible for any Centrelink benefits. He had no income options other than working, which he was suddenly unable to do.

Ronaldo did not even realise he had income protection insurance.

Concerned for his friend's welfare, Marcelei reminded Ronaldo that because he works in the meat industry and is a member of AMIST Super, there may be an opportunity to make a claim on his income protection insurance. Income



Ronaldo Costa

Protection is a type of insurance that can replace up to 75% of a member's pay if they become sick or injured and can't work. AMIST Super members automatically received this insurance in 2010.

Because English is not his native language, Ronaldo did not even realise he had income protection insurance, so Marcelei downloaded the claim forms from the AMIST Super website and helped his friend fill them in.

Even though Ronaldo was between jobs, his claim was approved and he started receiving benefit payments after the normal 30 day wait period. Although he has only the basic level of cover, Ronaldo has since received over \$8,000 in payments which has certainly helped with his regular expenses.

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“Learn from yesterday, live for today, hope for tomorrow.”

Albert Einstein





Penny Eldridge

Penny's dream wins prize

Penny Eldridge of Nerang Queensland is the winner of the AMIST Super "Your dream could win you \$1,000" competition. Penny has been awarded \$500 cash and a further \$500 has been deposited into her AMIST Super account.

Penny's winning entry:

My retirement dream is to buy a top of the line Caravan and make my way slowly around our great big Country! Of course I will need a bit of spare cash to fly my grandchildren to visit us during school holiday then they could travel with us. My husband would fish wherever he could and I would enjoy reading in the shade! I might have to get a little dog too, a chocolate brown miniature daschund called "Slinky". Although in 20 years time who knows what new technology will be available! As long as my Super is healthy I'm sure I will find something exciting to do!!!

Penny, who has been an AMIST Super member for over 11 years, was delighted to learn she had won. When AMIST Super News asked her what she would do with the \$500 cash she said, "I've just renovated my bathroom and have gone over budget so the money is spent already!" She was just as happy to have another \$500 going into her super account as well.

Judging the competition was tough, with many excellent entries received. And while there could only be one winner, special mention should go to the following members for their outstanding entries: **Tracy Boyce, James Crisp, Patricia Daniel, Dustin Lewis, Shannon Walker, Haesung Lee, Deidre O'Brien.**

Thank you to everyone who took the time to enter. ♦

Language no barrier to income protection claim - continued

Ronaldo understands now that he can increase his level of cover to match his income, which would have been of even greater benefit to him. He plans to discuss this with his AMIST Super Member Services Manager when he returns to work. And because AMIST Super now has several fact sheets in multiple languages (including Portuguese), Ronaldo is able to make decisions based on complete information.

Have you checked your level of Income Protection insurance cover lately?

If you earn more than \$32,000 per year and you haven't taken out more than the default level of insurance, chances are you're under-covered.

Check your statement or call our **Money Coach** on **1800 808 614** to find out how to increase your income protection. ♦



Have you lost track of your super?

It's estimated that one in two Australians has lost track of some of their super. Could you be one of them?

If you've changed jobs over the years, chances are you have several super funds, still current and still containing your money. But do you know where they all are? To make matters worse, if you've also moved house, some of these funds will no longer know how to contact you. When this happens, your super in that fund could be reported as "lost" and be transferred either to the Australian Tax Office (ATO) or to an eligible rollover fund, where the money is held until you claim it back.

So how can you go about rounding up all of your super and getting it sorted?

It's easy. Just go to the AMIST Super website and download a copy of our "Lost Super" fact sheet. It gives you step-by-step instructions on what to do, where to go and what questions to ask. If you've got lost super, this is the way to find it. Happy hunting. ♦

Salary sacrificing into super. What's it all about? - continued

And there's a further tax break. Earnings on investments in a super fund are taxed at up to 15 percent, while any interest earned from investments outside your super are taxed at your marginal tax rate.

Here's another example of the possible benefits: If a 40 year old with a superannuation balance of \$80,000 and employment income of \$50,000 per annum, salary sacrifices \$100 a month into super for the next 25 years using a rate of return of 7% they would accumulate \$689,707 by the age of 65.

Without salary sacrificing the superannuation balance at age 65 would be \$604,767.

If you'd like to explore how salary sacrificing different amounts would affect your super, why not call our **Money Coach** on **1800 808 614** and have a chat?

Overall, salary sacrificing offers substantial benefits and there are very few taxpayers who won't benefit from it. There are some possible pitfalls though.

- Some companies won't allow you to salary sacrifice, so you need to ask your pay office if you can do it.
- Your employer may reduce the amount of their Superannuation Guarantee contributions by the amount that you are salary sacrificing to your super.
- Your employer may calculate their Superannuation Guarantee liability on your post salary sacrifice income.
- It's also important that you check your employer has actually been paying your salary sacrifice super contributions to your fund. Check your super fund statements thoroughly.

You also need to be aware that there are annual limits on the amounts of contributions that attract the concessional tax rate of 15%. For the 2012/2013 financial year that limit is \$25,000 for Concessional Contributions which includes salary sacrificed amounts and Superannuation Guarantee. For example, if your employer makes Superannuation Guarantee contribution (per annum) of \$12,000 then and you salary sacrifice \$15,000, only the first \$25,000 will be taxed at a rate of 15%. The \$2,000 "excess" may be taxed at the highest rate of marginal taxation.

AMIST Super will keep you up-to-date with these changes through our regular newsletter, or you can call our **Super Hotline** on **1800 808 614** for more information. ♦



Market Update

Performance for this financial year

AMIST Super's Chief Investment Officer, Megan Pham, explains the improvement in market confidence in the past six months.

Concern over the slowing global economy and the European crisis has lessened over the past six months, largely due to the decisive action taken by world leaders to restore calm in financial markets. In Australia, sentiment has also improved thanks to a more positive outlook with our largest trading partner, China, and the considerable impact of interest rate cuts from the Reserve Bank of Australia (RBA). The RBA has reduced official interest rates by 50 basis points to 3.0% during the half year to 31 December 2012 in response to low inflation figures and a general weakening of the local economy.

But despite apparent weakness, there were strong share market performances over the period, particularly from Australian shares.

Risks for 2013 continue to come from the US where budget and debt issues are under scrutiny as well as in Europe where the outcome of evasive action on debt requires continued monitoring.

Despite the challenging economic and political conditions in 2012, the markets were able to generate positive returns for all the AMIST Super options over the six month period to 31 December 2012, with our Balanced option returning to pre-Global Financial Crisis highs on the back of strong returns from most asset classes. ♦

AMIST Super Investment options	Interim rates 1 July to 31 Dec 2012
Secure	1.87%
Capital Stable	3.95%
Balanced	6.82%
Growth	8.41%
High Growth	11.26%

Maria wins \$200 super quiz prize

Mrs Maria Duga of Deebing Heights in Queensland is the winner of our Super Quiz from the last edition of AMIST Super News. Maria, who has been a member of AMIST Super since 1998, was thrilled to win the \$200 and says she enjoys reading our newsletters and completed her quiz entry during her lunch break at work.

Congratulations, Maria. Good job! ♦



Take our quick quiz and you could win \$200!



How well do you know your super? You'll find the answers in this edition of AMIST Super News.

Fill in the blank. Income protection insurance can replace up to% of a member's pay if they become injured or sick and can't work.

True or false? AMIST Super members can increase their level of Income Protection cover to better match their pay.

Name the winner of the "Dream" competition.

What was the official interest rate as at 31 December 2012?

What is AMIST Super's online account system called?

What was the interim rate of return for the Balanced Fund on 31 December 2012?

What does AMIST stand for?

What country is Australia's largest trading partner?

What is the NSW Member Service Manager's name?

Entries close 31 July 2013. Just send your answers and details below to: AMIST Super GPO Box 4293 Sydney NSW 2001 or Fax to: 02 9230 1111

Please be sure to write your name and contact details clearly.

Name:

AMIST Super Member No:

Address:

State: Postcode: Phone:

Email:

AMIST Super wins gold!



**AMIST Super has again
been awarded a Gold rating
by SuperRatings.**

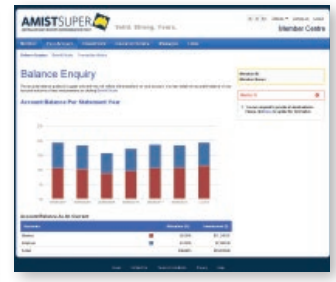
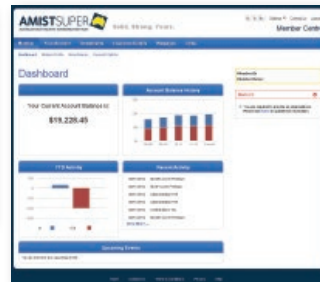
SuperRatings is an independent research firm that reviews and rates more than 450 super and pension products each year. Their ratings are a reliable guide on a fund's value and are widely recognised within the superannuation industry. ◆

MemberAccess, your super online. Soon, it'll be easier than ever.

If you're one of the many AMIST Super members who manage your account online, you'll soon see that we've made some improvements. These are designed to make the whole experience faster, easier and simpler.

We're upgrading the technology and making the navigation clearer and easier to follow. We're also adding alerts and message panels that will keep you informed about issues relating to your account.

The new-look AMIST Super MemberAccess will be live in the next month or so. ◆



Do you have questions?

If you have any questions about your AMIST Super membership, call the AMIST Super Hotline.

1800 808 614 or hop on the web!

For all the latest information about AMIST Super, log onto www.amist.com.au. Get the latest news and results, view fact sheets and download forms. It's all there to make your super easier to understand.



Member Services

Meet our team of service professionals.

Remember our Member Services Managers are here to help you get the most from your super. Feel free to contact them.



Melinda Gibson is the manager of the Member Services team.



Royston Bennett on 0437 697 737 or roystonb@amist.com.au
Member Services Manager for Vic, SA and Tas.



David Ashton on 0434 043 785 or davida@amist.com.au
Member Services Manager for QLD and NT.



Steve Fleming on 0419 160 293 or stevef@amist.com.au
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