

Employer Supernews

July 2009

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Super obligations

Everything you need to know about paying staff super.

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Super service

How we help to lighten the administration load for you.

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FAQ

Answers to some frequently asked questions. *See back page for more.*

The global financial crisis & super

Everywhere we turn, we hear, see and feel the effects of the global financial crisis. The last edition of our member newsletter *MySuper* provided our members with information to help them understand what's going on and the effect it is having on their superannuation or LUCRF pension.

This information is relevant to everyone, so we have reproduced key information in this issue of *Employer Supernews* for you.

How does it affect superannuation?

Over the past 18 months, superannuation funds have delivered historically low rates of return. Members are understandably uncertain about their longer-term retirement savings strategy. While the immediate outlook for markets is never certain, there are growing reasons to believe that the financial markets are well-placed to deliver attractive returns over the medium term.

The reality of the financial crisis is that most people's superannuation and retirement pension balances will have fallen in value by the time you receive your annual superannuation statements later this year. The expected poor recent returns are the direct result of the awful returns delivered by global share markets (including the Australian market).

> *How LUCRF Super compares – see page 2*

LUCRF Super's performance

All superannuation funds have suffered some losses in the current and previous financial years. It is important however, to remember that share and property markets have also experienced unprecedented volatility and falls during the same period.

The value of the S&P ASX200 (which covers the top 200 companies on the Australian Stock Exchange) dropped just over 24% in the last financial year alone.* This scenario is common right around the world, with dramatic falls in value a consistent feature of all stock markets.

LUCRF Super is working hard to minimise the impact of what is happening globally on our members' accounts.

*Source: ASX historical data

2009 FEDERAL BUDGET

What does it mean for your company and staff?

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Australia's first industry fund

LUCRFsuper



How LUCRF Super compares

Superannuation is a long-term investment and the results of a super fund's performance should be judged at over a long period of time rather than in any one particular year.

The table below shows how LUCRF Super has performed compared to the industry benchmark over the past decade.

An important comparison is LUCRF Super's performance compares to corporate funds and 'Master Trusts', which are generally retail super

funds run by banks and insurance companies. Master Trusts typically charge higher fees than an industry super fund. They also generally pay commissions to financial advisers. The table at left also shows the returns of some popular Australian Master Trusts, compared to LUCRF Super.

LUCRF Super's Balanced Investment Option, which the vast majority of our members are in, is designed to offer both growth and protection over the long term. This option mixes Growth assets, such as shares and property, with Income assets, such as fixed interest and cash.

The Balanced approach allows the Fund to capture growth as the markets rise, while providing a measure of stability when the markets are volatile or in decline.

Investment Option	3 year average annual return	5 year average annual return	7 year average annual return	10 year average annual return
SR50 Balanced Index (Index measuring the Top 50 Balanced investment options with growth assets of 60 – 76 per cent)	- 1.47%	4.75%	4.98%	5.07%
LUCRF Super Balanced Option (default)	- 1.77%	4.75%	4.89%	4.90%
AMP Balanced Growth	- 4.02%	3.36%	3.00%	3.52%
BT Lifetime Super Balanced	- 7.36%	- 0.05%	.64%	n/a
Colonial First Choice Moderate	- 3.54%	2.16%	n/a	n/a
ING Managed Growth	- 5.14%	2.50%	2.39%	3.25%

Source: SuperRatings Fund Crediting Rate Survey, May 2009 (most recent results available).



Employer Profile:

Paul, Anthony, Pat & Leigh Todd,
of Danmac Products.

Danmac Products
A LUCRF Super employer since 2000

For the past 9 years, Paul and Pat Todd, together with sons Leigh and Anthony, have been working very hard to make the family business a success.

Danmac, which now employs around 18 staff, began as a specialist in the design, production and distribution of medium and high-end shower screens. Their key advantage is that Danmac products are distributed as flat-packs

- complete kits with instructions for easy assembly by the end user.

'We make things as simple and as easy as we can for glaziers. From start to finish, we listen to what they need, do all the hard work for them. All they have to do is put it together', said Paul.

Leigh highlighted Danmac's ability to produce whatever a client wants, no matter the size and shape. 'If someone needs something, we will make it for them, no matter what size they need and where it needs to go', he said. 'All our shower screens are triple checked for quality before leaving us. We pack them in a way that ensures they reach their destination in perfect condition, ready to go'.

Safety is also a source of pride. 'All our equipment is fitted with extra safety guards and staff are provided with safety equipment', said Paul. 'All new staff go through a 3-month induction course and all are fully trained on the machinery and in packing and distributing'.

When they are not helping their sons with the business, Pat and Paul enjoy spending time with their grandchildren and taking their boat up to Lake Eildon, where they have a holiday home. 'It's a little cold in the winter time but it's still a great place to get away and relax', said Pat.

Responsible for the administration side of things, Pat made special mention of her local LUCRF Super Business Development Manager, Roland Thomas.

'Roland has always been great help to us. He can help with any superannuation questions I have and is always on hand to help our staff with their super needs.'

The family is looking forward. 'The bathroom is the second most renovated room in a house', said Leigh. 'There is no limit to what Danmac can do in the future'.

Federal Budget 2009:

how it affects super for you and your staff

The Federal Government recently handed down its Budget for the new financial year (2009/10). This Budget includes some proposed changes to superannuation and the Age Pension that are yet to be passed by Parliament.

It is important that you are aware of these changes, as they may affect how you and your staff are planning your retirement income.

Cap reduction for 'before-tax' contributions

(E.G. SG, SALARY SACRIFICE AND ANY PERSONAL CONTRIBUTIONS CLAIMED AS A TAX DEDUCTION)

The annual cap on before-tax contributions (also referred to as 'concessional' contributions) to super accounts will be halved from 1 July 2009. The before-tax cap is the maximum amount contributed for an individual into ALL of their superannuation accounts over a financial year.

The cap will reduce from \$100,000 to \$50,000 for fund members aged over 50; for those under 50, the cap will reduce from \$50,000 to \$25,000. From 1 July 2012, the cap will be set at \$25,000 (indexed) for everyone, regardless of their age.

Cap adjustment for 'after-tax' contributions

(EG. PERSONAL CONTRIBUTIONS)

The after-tax (or 'non-concessional') contributions cap will remain at \$150,000 for the 2009/10 financial year.

However, this may be adjusted in the future, in line with any indexation of the before-tax cap discussed above.

From 1 July 2010, the after-tax contributions cap will be set as a multiple of six times the before-tax cap amount. (So, for example, if after 2012, the before-tax cap were to be increased from \$25,000 to \$30,000, the after-tax cap would rise from \$150,000 to \$180,000.)

We believe that the 'bring forward' rule, which allows three times the annual cap over a three-year period, will continue to apply. (This rule currently allows super fund members to make a non-concessional lump sum super contribution of up to \$450,000 in a three-year period. It only applies to fund members under 65.)

Temporary reduction to Government co-contribution payments

For the past few years, the Federal Government has been matching after-tax voluntary super contributions made by fund members who earned below a certain amount (currently \$60,342 per year) and met other eligibility criteria, such as filing a tax return.

The maximum annual co-contribution payment was \$1,500, for \$1,000 voluntarily contributed.

For the period from 1 July 2009 to 30 June 2012, the Government is proposing to reduce its co-contribution from

the current \$1.50: \$1 to a dollar-for-dollar ratio.

The maximum annual Government co-contribution during this period will therefore be \$1,000. It will then increase to \$1,250 between 1 July 2012 and 30 June 2014 and will be restored to the previous level of \$1,500 p.a. from 1 July 2014.

Transferral of 'lost' super accounts to the ATO

From 1 July 2010, super funds will be required to transfer any 'lost' accounts that have balances less than \$200 to the Australian Taxation Office (ATO) as 'unclaimed money':

The ATO defines a lost super account as one that has been inactive for five years and where there are insufficient records to identify its owner.

Accounts transferred to the ATO can be claimed directly by the account owner at any time.

Salary Sacrifice contributions

From 1 July 2009, salary sacrifice contributions to superannuation will be assessed as income for the purposes of tax and some Federal Government payments, including eligibility for the superannuation co-contribution. Visit www.ato.gov.au for more details.

Continuation of pensions draw-down relief

The Government will halve the legislated minimum amounts that retired fund members are required to withdraw from their account-based super pensions during the 2009/10 tax year. This Budget measure extends the temporary drawdown relief that applied for the 2008/09 financial year.

For example, a LUCRF Pensions member aged between 65 and 74 would previously have had to withdraw 5 per cent of their retirement pension account balance over the course of one financial year, but in 2009/10, they will only be required to withdraw a minimum of 2.5 per cent of their account.



Further detailed information regarding all superannuation and pension changes is contained in our '2009 Federal Budget' fact sheet, available at www.lucrf.com.au

Managing your super obligations

WHAT YOU NEED TO KNOW

This page outlines the key information you need to know about meeting your super payment obligations.

Calculating super payments: Ordinary Time Earnings

Ordinary Time Earnings (OTE) is what your employees will earn for their ordinary hours of work. OTE is what the minimum 9% Super Guarantee contributions should be calculated on.

The table below outlines the different types of payments to staff and whether they are included in OTE, as well as salary/wages.

Calculating Super Payments		
Payment Type	Salary or wages	Ordinary Time Earnings (OTE)
Other bonuses	Yes	Yes
Commission	Yes	Yes
Over-award payments	Yes	Yes
Shift loading	Yes	Yes
Casual loading	Yes	Yes
Workers compensation – work performed	Yes	Yes
Workers Compensation – no work performed	No	No
Payments for annual holiday leave taken	Yes	Yes
Government wage subsidies (eg. wage subsidy scheme allowance)	Yes	Yes
Sick leave	Yes	Yes
Long service leave	Yes	Yes
Maternity/paternity leave	Yes	No
Annual leave loading	Yes	No
Accrued leave paid as lump sum on termination	Yes	No
Payments in lieu of notice	Yes	Yes
Redundancy payments	Yes	No
Other termination payments	Yes	No
Director's fees	Yes	Yes
Payments for performance/provision of entertainment	Yes	Yes
Labour portion of contractors for SG	Yes	Yes
Expense allowance	No	No
Reimbursement of expenses	No	No
Allowances paid (non-expense related)	Yes	No

Calculating Super Payments (cont)		
Payment Type	Salary or wages	Ordinary Time Earnings (OTE)
Non-performance based bonuses (eg. Christmas)	Yes	No
Overtime	Yes	No
Benefits subject to fringe benefits tax (FBT)	No	No
Jury duty /army reserve top-up payments	Yes	No
Dividends	No	No
Partnership and trust distributions	No	No
Payments for entering into a Restraint of Trade agreement	No	No
Payments for domestic / private work under 30 hours weekly	No	No

The table below shows the dates when your super contribution payments are due.

Contribution payment due dates		
Quarter	Months in quarter	Contributions due date
Q1 – March	January, February, March	28th April
Q2 – June	April, May, June	28th July
Q3 – September	July, August, September	28th October
Q4 – December	October, November, December	28th January

NOTE: Quarterly is the minimum legal frequency for SG. Many workplace or industrial agreements specify monthly contributions. You must pay as prescribed in these agreements.

Voluntary contributions must be paid monthly.



Paying Super:

ITS A SIMPLE TWO-STEP PROCESS

1 Contribution Advice

This is the information part: which person should receive how much, details of any new employees and so on. You can provide contribution advice to LUCRF Super in **two easy ways**:

Employers Online

LUCRF Super's secure online service for employers means that you no longer have to post or email your contribution advice. You simply log on to your online account and:

- Submit contributions using a pre-populated staff listing, or by uploading a CSV file
- View your contribution history
- View and maintain employee and company information.

Contribution Report template

We have prepared a standard template for contribution reports, listing the information you should provide to ensure easy processing. Download a copy at www.lucrf.com.au

How to register for Employers Online



To set up your access to Employers Online, download and complete a registration form by visiting www.lucrf.com.au or calling **1300 130 780**.

2 Contribution Payment

Once the contribution information is ready, you then need to pay that amount to LUCRF Super on your employees' behalf. The **two easiest ways** to do this are:

BPAY®

BPAY payments can be made very quickly through internet or telephone banking. With BPAY, you have your own unique Customer Reference Number (CRN), so you can be safe in the knowledge that your staff super contributions are being allocated quickly and easily.

To start saving even more time, all you need is:

- | | |
|------------------------------------|--------------------------------|
| 1. LUCRF Super Biller Code: | 484469 |
| 2. Your Customer Reference Number: | Call us on 1300 130 780 |

PLEASE NOTE: BPAY has a minimum transaction value of \$100 and a maximum transaction value of \$100,000.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

Cheque

You can also post a cheque to us, attached to a copy of the relevant contribution report.

Super Services

We offer all of our registered employers a range of Super Services to make paying super as quick and easy as possible, leaving you to do what you do best – your work.

Employer Supernews – keeping in touch with super

Superannuation can be overwhelming, especially when it is something you are not exposed to every day.

Employer Supernews allows you to receive the latest information regarding super, keeping you up to date with the latest super news via posted newsletters and email updates. Next time one of your employees asks you about superannuation, you will be able to answer them with confidence!

Thousands of employers are ahead of the pack and received this newsletter via email a week ago.



To register for email updates, simply visit www.lucrf.com.au

Education – helping you and your employees learn more about super

We offer a comprehensive super Education Centre on our website. Here you will find answers to the most common and not so common questions that people ask about super.

We also have a library of educational flyers and brochures, which can be sent to you on request or downloaded from our website.

Always remember that we are only a phone call away. Our dedicated in-house contact centre staff members are committed to providing you with the highest level of customer service.



FAQs



How do I register new employees?

Simply email, fax or post each new employee's full name, address, date of birth and Tax File Number to LUCRF Super. We will set up an account and post our *Member Guide (Product Disclosure Statement)* to them.



What do I need to send with my super contribution?

When making your super contribution payment, you will need to complete a contribution report. This can be download from our website www.lucrf.com.au



What are my 'Choice of fund' obligations?

If a staff member gives you a completed *Standard choice form* nominating LUCRF Super, you are required to act on this within two months.

Standard choice forms can be downloaded from our website www.lucrf.com.au or you can call us to obtain copies.



Employer Profile:

Ron Vanderweerd (right) of Le Roi Homestyle Cookies, with his local LUCRF Super Business Development Manager, Martin Kilkenny.

Le Roi Homestyle Cookies A LUCRF Super employer since 2008

Ron Vanderweerd owns and runs Le Roi Homestyle Cookies in Melbourne's north. He has worked at the company for 33 years and took over running the place 20 years ago. His wife and three of his daughters work for the company and his youngest daughter, 11, will also help out as she gets older.

The company was started by Ron's father in 1957 as a cake shop and has grown over the decades. The group also own and produce Koala Brand cookies. They specialise in commercial quantities of biscuits and count casinos, hotels, hospitals, factories and supermarket bakeries among their clients.

Le Roi exports their range to various countries in the Asia-Pacific and Ron's particularly proud of the company's foray into pet treats, producing pet biscuits with the same high-quality ingredients that their human customers demand, with the only substitute being carob rather than chocolate.

Ron's life is bigger than his work though. A heart attack 10 years ago forced him to adjust his work-life balance and he has put more time into his personal passion – classic cars. His collection started when a friend gave him a couple of older cars to work on and restore. He is particularly proud of his 1971 Pontiac Catalina Convertible, one of only 2,200 ever made.

When we caught up with Ron, he had a weekend planned of upgrading the staff lockers at the worksite. He is always keen to expand what he and his company do.

Contact LUCRF Super 1300 130 780

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