

How to start salary sacrificing

Simply complete the attached 'Request for Payroll Deduction' form and hand it directly to your employer's payroll department.

Your employer can also pay **personal contributions** directly into your LUCRF Super account from your after-tax pay. If you would like to do this, complete Step 3 of the attached form.

Your employer will notify LUCRF Super of the contribution type and amount when making your superannuation payments.

Important things to know about salary sacrifice

- Salary sacrifice arrangements are not available to everyone and not all employers will offer the option. If you are paid under an Award, you may not be able to sacrifice your salary to a level below what is stipulated in your Award.
- Because the tax treatment of salary sacrifice contributions is different to that of personal super contributions (made from your after-tax pay), it may not suit your circumstances. By calling **1300 130 780**, you can talk to a LUCRF Super Business Development Manager, who can help you understand more about salary sacrifice arrangements. Alternatively, talk to a financial advisor about your own financial situation before making a salary sacrifice arrangement with your employer.
- When making a decision, ask your employer which gross pay figure they will be using to calculate your 9% SG contributions – will it be before or after your salary sacrifice has been deducted?
Example: If you gross \$50,000 p.a. and you salary sacrifice \$5,000 p.a., your employer may pay your SG contribution on \$45,000 instead of the \$50,000 you are earning. Ask your employer for clarification.
- If you are aged between 65 and 75, you will need to meet the work test (which requires that you work a minimum of 40 hours in a continuous 30-day period during the financial year) to make either personal or salary sacrifice contributions to your super. If you are aged 75 or over, you are not eligible to contribute.

How salary sacrificing can pay off

1

More super

Salary sacrificing could make a huge difference to your super balance when it is time to retire – and you may even be able to retire sooner!

Example of super savings on retirement:



David

- Is 30 years old
- Plans to retire at 65
- Has a current account balance of \$10,000
- Has an annual income of \$50,000
- Salary sacrifices \$3,000 per year (6% of pay)

Assumptions: 8.5% annual investment earnings, 0.69% investment management fee (Balanced option), \$1.25 weekly administration fee.

The above projection is meant as an estimate only and is not intended to be kept or used for practical purposes. Actual outcomes will depend on a range of factors outside the control of LUCRF Super and does not project growth of annual income or adjusted salary sacrifice contribution amounts. It is not intended to be used as a substitute for professional financial advice.
Source www.fido.asic.gov.au

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Less tax

The money you salary sacrifice into your super comes directly off your gross (before-tax) pay. This money is taxed at the super contributions tax rate of 15% upon entry into your fund, instead of your usual income tax rate (between 31.5% and 46.5%, including Medicare Levy).

For more information, contact LUCRF Super

1300 130 780

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Post: PO Box 211 North Melbourne VIC 3051
Fax: (03) 9326 6907

Privacy

LUCRF Super is committed to the National Privacy Principles set down by the Federal Government (see www.privacy.gov.au) and has produced a Privacy Policy. For a copy of the LUCRF Super Privacy Policy, call us on 1300 130 780 or visit www.lucrf.com.au.

Disclaimer

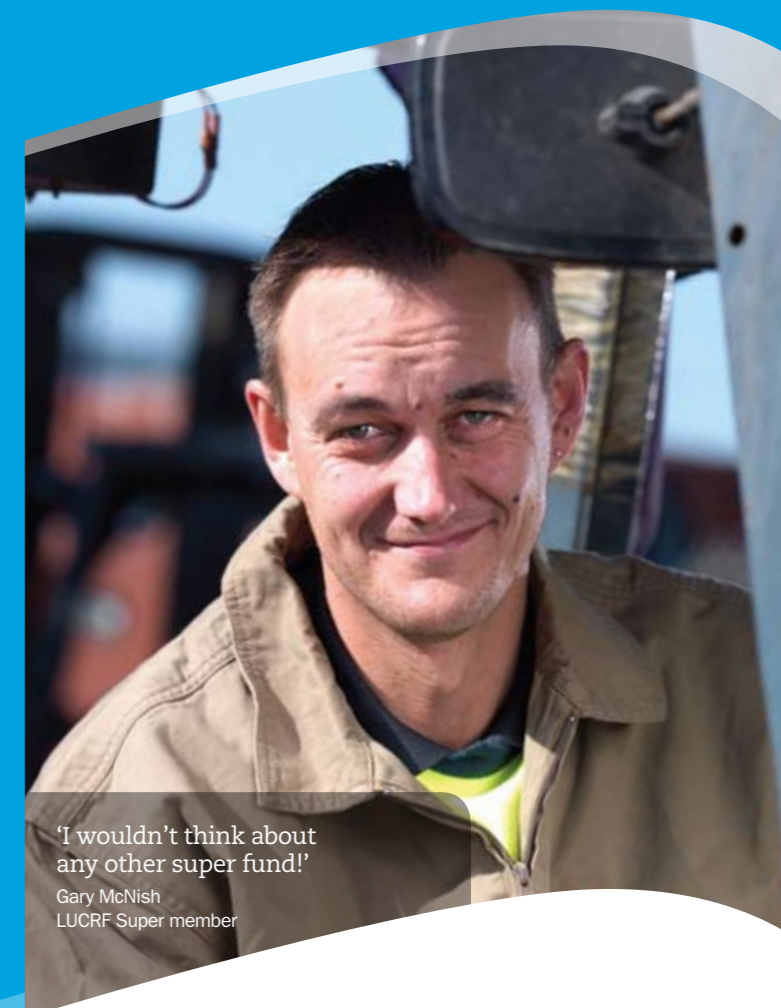
This financial product advice is general in nature and has been prepared without taking into account your objectives, financial situation or needs. You should therefore consider the appropriateness of the advice in light of your own objectives, financial situation or needs before acting on this advice. It is recommended that you obtain and consider the information in the current LUCRF Super Member Guide (combined Product Disclosure Statement and Financial Services Guide), before making any decision. Should you require advice that addresses your personal circumstances, it is recommended that you contact a person who is authorised to provide personal financial product advice.

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Salary Sacrifice

Growing your super while paying less tax



'I wouldn't think about any other super fund!'

Gary McNish
LUCRF Super member



LUCRF 28440



What is Salary Sacrifice?

Salary sacrifice is having an arrangement with your employer to pay part of your gross pay directly into your super account, before it is taxed.

This can help grow your super for a more comfortable retirement whilst reducing your personal income tax.

Personal Contributions – what is the difference?

Personal contributions are paid into your super from your after-tax pay. If you earn less than \$61,920 p.a. and make a personal contribution to your super, you may be eligible for the Government Co-contribution payment of up to \$1,000 p.a. To learn more, read our *Money for Nothing* brochure available from www.lucrf.com.au or call us on 1300 130 780.

Super Tip

Rollover to help boost your super!

If you are like most Australians, you will have more than one super account and will be paying more than one set of fees. This can really eat away your retirement savings.

Combining all your super into one LUCRF Super account is an easy way to help give your super an extra boost. And it is a lot easier than most people think!

To learn more about rolling over your super, read our *Rollover to LUCRF Super* brochure available at www.lucrf.com.au or by calling us on 1300 130 780.



A little each pay does add up

By salary sacrificing a little amount each pay, you can boost your super considerably without the need to budget for a large annual 'once-off' contribution.

Tax Savings

The super contributions tax rate of 15% on salary sacrifice payments is less than most people's individual income tax rate (between 31.5% and 46.5%, including Medicare Levy).

The table below shows how salary sacrificing a little each pay adds up and may reduce your tax.

Step 1	Fortnightly Salary Sacrifice		
If you can afford to reduce your fortnightly take-home pay by:	\$25	\$-50	\$100
Step 2	Yearly Salary Sacrifice		
Your yearly salary sacrifice into your super account will be:	\$650	\$1,300	\$2,600
Step 3	Yearly Tax Savings		
Your yearly tax saving on your salary sacrifice payments will be:	\$107	\$214	\$429

Result
You have grown your super while reducing your income tax.

Assumptions: Tax savings estimated on an individual income tax rate of 31.5% (including Medicare Levy) and super contributions tax rate of 15%; does not take into account movement between income tax brackets that may result through salary sacrificing.

How much can you salary sacrifice?

From 1 July 2009, the total concessional contribution limit is \$25,000 a year. However, if you are 50 years of age or turning 50 between 1 July 2007 and 30 June 2012, a concessional contribution limit of \$50,000 a year applies until 30 June 2012 (transitional period). Any excess concessional contributions above these limits will be taxed at a higher rate. The concessional contribution limit is indexed annually and can change in the future.

Please note: your concessional contributions limit includes your employer superannuation guarantee (SG) and salary sacrifice contributions. Any contributions made over the concessional contributions limit will be subject to extra tax.

Request for Payroll Deduction

If your employer allows additional contributions to be deducted from your pay, please complete this form and hand it to your payroll department (salary sacrifice and/or personal contributions).

HAND THIS FORM TO YOUR PAYROLL DEPARTMENT

Step 1 Employer details

It is important to give your LUCRF Super membership number to your employer. This will help them pay any personal or salary sacrifice contributions into your account.

To the paymaster (company name)

Employee name (name of member)

LUCRF Super membership number

Company payroll number (if known)

I authorise you to deduct the following amount of superannuation contribution and remit to LUCRF Super.

Step 2 Contribution before tax

Salary sacrifice

Please commence my before-tax contribution of:

% or \$

Using the following pay frequency (please cross [X] one):

Weekly Fortnightly Monthly

Commencing from this future pay date (dd/mm/yyyy):

Step 3 Contribution after tax

Personal contributions

Please commence my after-tax contribution of:

% or \$

Using the following pay frequency (please cross [X] one):

Weekly Fortnightly Monthly

Commencing from this future pay date (dd/mm/yyyy):

Employer to note: After-tax contributions are required (by legislation) to be paid within 28 days of the end of the month in which they are deducted.

Step 4 Authorisation

Ensure that you date and sign this form.

This authority is effective until further notice from me.

Sign (member signature)

Date (dd/mm/yyyy)

If you need any help completing this form, please call us on 1300 130 780 or email mypartner@lucrf.com.au



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