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ARIA starts, to serve your interests better

Your new Trustee, ARIA, started its job on 1 July 2006.

The PSS and CSS Boards merged to create the Australian Reward Investment Alliance, a simplified, sustainable and more effective governance structure which will greatly enhance our ability to serve the interests of members.

ARIA – your new Trustee:

- > manages the PSSap, PSS and CSS – representing over \$15 billion on behalf of 298,000 members
- > is appointed by the Australian Government as the default Fund for Australian Public Service agencies to ‘act in your best interests’, a responsibility which is protected by law
- > represents 30 years’ experience working for Australian Government employees and employers
- > maximises your benefit through the cost efficiency of a pooled investment trust, and
- > is in line with Australian Government best practice corporate governance principles.

Our purpose and values remain the same

Our purpose is to help past, present and future Australian Government employees and their families make the

most of their financial future. We do this by aiming for consistently good returns at a low cost through disciplined investment frameworks. We also provide you with information and general advice to help you develop the knowledge and skills you want to manage your super confidently.

We value our responsibilities to manage and invest the Fund according to ARIA’s policies to maximise the benefits to members and to act in members’ best interests. We also value trust through collaboration, stewardship, cleverness, integrity, courage and community.

What’s in a name?

Feedback encouraged us to create a name that better reflected our purpose and role:

- > Australian – we work for Australian Government employees who work for the Australian community
- > Reward – we believe that Australian Government employees deserve to be rewarded with world-class superannuation arrangements
- > Investment – our core activity is to manage the investments of the Funds to maximise benefits for members
- > Alliance – we bring world-class service partners together to work in the best interests of members

PS. Our logo uses the seven points of the Federation Star to illustrate the super lifecycle – we are with you from small beginnings through growth to retirement.

Budget 2006 update

On 9 May 2006 the Government announced a plan to simplify and streamline superannuation pensions.

Following consultation, on 5 September 2006 the Government stated its intention to introduce legislation in December 2006 with implementation on 1 July 2007.

Accordingly, the following information may be subject to change.

What are these changes and how will they affect your pension?

There is a new exempt component **for new pensioners commencing after 1 July 2007** which includes the following; undeducted contributions, pre July 1983 amounts, post June 1994 invalidity and concessional.

Under the proposal, **if you are aged 60 years** or over that portion of your pension which is from a taxed source will be tax free and will not be included in your taxable income.

The employer financed portion (that is, the unfunded/untaxed component paid from Consolidated Revenue) will continue to be included in your assessable income and it will be taxed at your Marginal Tax Rate (MTR). You will, however, be eligible for a 10% taxation offset which will be calculated on the total amount of your unfunded pension.

If you are under the age of 60, that portion of your pension which is from a taxed source (excluding exempt components) will continue to be included in assessable income and it will be taxed at your marginal tax rate.

However, if you are aged between 55 and 59 you will be entitled to a 15% offset on this amount.

The employer financed portion (that is, the unfunded component paid from Consolidated Revenue) will continue to be included in your assessable income and it will be taxed at your MTR. Unlike payments for those aged 60 and over, you will not be eligible for the 10% pension offset until you attain age 60.

Example

Values are rounded and are for illustration purposes only.

The example below is based on a fortnightly pension of \$1,000.00, with no exempt component, no Senior Australian Tax Offset and no additional income stream. It is assumed for this example that the \$1,000.00 pension is made up of the following components:

Employer rate (unfunded/untaxed source) = \$800.00

Rebatable/Employee (funded/taxed source) = \$200.00

Proposed tax on pension

Rebatable/Employee (funded) = \$200.00 (tax free after age 60, 15% offset continues to apply between the ages of 55 and 60)

Employer rate (unfunded) = \$800.00

Under current arrangements you are required to pay tax at the Marginal Tax Rate (MTR), which is approximately \$85.40 on the entire \$800.00. Under the proposed arrangements, you are entitled to a 10% offset amount on the total taxable pension
i.e. $\$800.00 \times 10\% = \80.00 .

Under the proposed arrangements, your tax on the unfunded pension would be as follows:

$\$85.40$ (MTR) - $\$80.00$ (10% offset) = $\$5.40$

As tax is only deducted in whole dollars you would pay \$5.00 in tax.

Are your children eligible for part of your pension?

The subject of death is never one we want to dwell on for too long, especially when it is the subject of your own death.

However, it is important to understand what benefits your family is entitled to and what will happen to your pension in the event of your death.

In order to get a good grasp on the issue, the terms *Child* and *Eligible Child* are important to understand so you know who may be eligible to receive part of your pension.

The CSS Act provides for a pension benefit to be paid to an eligible child on the death of a pensioner.

Certain legislative criteria must be met to determine if a person is considered a child and if they are eligible to receive part of your pension.

An *eligible child* is a child of the deceased person who:

- > is under the age of 16; or
- > is between 16 and 25 years of age, studying on a full-time basis, and is not engaged in full-time work; and
- > immediately before the date of death was living with the deceased pensioner and was wholly or substantially dependent on the deceased pensioner; or
- > if born after the date of death, would have lived with or been wholly or substantially dependent on the former pensioner.

The CSS Act also provides for a pension to be paid to a partially dependent child.

A *partially dependent child* is a child of the deceased pensioner (including an adopted child, an ex-nuptial child, a step child or any other person whom ARIA determines is to be treated as a child of the former pensioner) who:

- > is under the age of 16; or
- > is between 16 and 25 years of age, studying on a full-time basis, and is not ordinarily engaged in full-time work; and
- > on whose behalf the deceased pensioner made regular maintenance payments immediately before the date of death.

Documentation required to support a child's application for pension

An application for a child's pension must be accompanied by the child's full birth certificate, the child's bank account details (if the child handles his/her own financial affairs) and, if the child is between 16 and 25 years of age, evidence of studying full-time. The signature of the Registrar (or Principal) and the school's stamp on the child's

benefit application form are sufficient proof that the child is studying on a full-time basis.

Applications for a partially dependent child's benefit must also be accompanied by evidence that the child has been receiving regular maintenance payments up to the date of death. This evidence may be in the form of a court order, letter from the child support agency or a bank statement.

Customer Service Centre holiday closure

The Customer Service Centre will be closed over the Christmas period from 23 December 2006 to 1 January 2007 inclusive. During this time you can still access information through our website, including forms and publications from www.css.gov.au. We apologise for any inconvenience and look forward to speaking with you on our return on 2 January 2007.

How the Consumer Price Index (CPI) is calculated

On the first payday in January and July each year, your pension is increased if there has been an upward movement in the Consumer Price Index (CPI) over the previous six months (either from March to September or September to March). The Australian Bureau of Statistics determines the CPI by surveying the costs of the following categories of goods and services: food, alcohol and tobacco, clothing and footwear, housing, household furnishings, supplies and services, health, transportation, communication, recreation, education and miscellaneous items.

Once we know the CPI number, we do a calculation (see below) to see if your pension is due for an increase. If the new CPI number exceeds the highest of any previous March and September CPI numbers, we increase your superannuation benefit.

Consumer Price Index

On 25 October 2006 the Australian Bureau of Statistics announced a CPI change of 2.5% for the March 2006 to September 2006 period. To arrive at that figure, the following calculation was made:

$$\frac{(\text{Sept 2006 CPI no.}) - (\text{March 2006 CPI no.})}{(\text{March 2006 CPI no.})} \times 100 = \text{CPI change (March to Sept 2006)}$$

$$\frac{(155.7 - 151.9)}{151.9} \times 100 = 2.50164\% = 2.5\%$$

(when rounded to the nearest tenth of one per cent)

Therefore, on payday 4 January 2007, the part of your superannuation pension that is subject to CPI pension increases will be increased by 2.5%. If you would like more information about the CPI, go to www.abs.gov.au

Latest date to make changes to your banking details

We need seven days notice before the pension payday to make a change to your bank account details. For example, if you changed your bank account and you wanted it to take effect on payday 18 January 2007, you would need to tell us no later than 12 January 2007. **But, whatever you do, don't close your existing account until your payments start going into your new account.**

Keeping your address up-to-date

It is **most** important that we have your correct residential and postal address. If your pension mail is uncollected it is likely to be returned to us. If two mail articles are returned to us, we will try to find a new address for you but if we can't, we may stop your pension. To avoid any disruptions to your regular payments, **let us know if you change your residential or postal address.**

If you are planning to be away from home for an extended period of time, for example, if you are going on an overseas holiday, it is also a good idea to make sure your mail will be secure in your absence. A solution is to notify us of another address that your mail can be sent to while you are away, so that it is not returned to us, or left unsecured.

Your Reference Number

Your reference number and the superannuation scheme from which you receive your pension are shown on the enclosed pension increase advice letter. Please quote your reference number whenever you contact us. It helps us to quickly identify you and speeds up your enquiry.

How to contact us

Email:	If you are receiving a pension from CSS please use the following email address to contact us: pensions@css.gov.au
Phone:	You can dial 1300 001 777 from anywhere in Australia for the cost of a local call (mobile charges apply to mobile phones). We are available between 9.00am and 5.00pm Eastern Time Monday to Friday. Pensioners with a hearing impairment can use a special TTY facility: 02 6272 9827
Fax:	Enquiries can be sent by fax to 02 6272 9614
Postal address:	CSS, PO Box 22, Belconnen ACT 2616
Street address:	Unit 4 Cameron Offices, Chandler Street, Belconnen, ACT 2617
Web:	You can visit our website at www.css.gov.au

Service satisfaction

We want you to be completely satisfied with our service, but if you feel you need to make a complaint just call us on **1300 001 777**. If you are not satisfied with the response, ask to speak to a supervisor. If you still feel the issue has not been explained or resolved to your satisfaction, ask to be transferred or contact the Complaints Officer directly:

Phone	02 6272 9081
Fax	02 6272 9804
Email	complaints@css.gov.au
Post	The CSS Complaints Officer PO Box 22, BELCONNEN ACT 2616

The CSS also has a form to help people who have difficulty with the English language to register a complaint. You can get one of these by calling the Complaints Officer.

The Superannuation Complaints Tribunal (SCT) is an independent arbitrator set up by the Australian Government to resolve any complaints. You can lodge a complaint with the SCT free of charge if you are dissatisfied with our response or we cannot resolve your situation within 90 days.

Phone	1300 780 808
Fax	03 8635 5588
Email	info@sct.gov.au
Web	www.sct.gov.au
Post	Superannuation Complaints Tribunal Locked Bag 3060 GPO MELBOURNE VIC 3001

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