

Scoop on Super



Your super magazine, Autumn 2012

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A close-up photograph of several hands dropping coins into a white piggy bank. The piggy bank is in the foreground, and the hands are positioned above it, with coins falling into its slot. The background is a soft, out-of-focus light color.

Last chance

to double your money from the
Government Co-contribution

western  financial

Welcome to the Scoop

Quite a bit has happened since our last edition of Scoop on Super. First and foremost we would like to congratulate the re-elected member representative and the newly appointed ASU member representative, to find out who they are turn to page 3.

Turn to page 4 for the Superannuation changes and updates announced in the 2012 Federal Budget. For a more comprehensive overview of the major superannuation changes announced in the Budget visit the news section on our website, www.walgsp.com.au

To ensure you don't miss out on your possible last chance to double your money, turn to page 5 and read about the significant changes to the Government co-contribution scheme.

Flip to page 6 to find out how you're super's performed up to the 31st March 2012 and finally for a super saving tip turn to page 8.

Don't forget, WA Local Super is a Public offer fund which means it's open to everyone, not just Local Government employees. So if you change jobs, you don't have to change super funds.

You can stay with us for life!

John McNally
Chief Executive Officer



Contact us

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RSE Licence No L0001137, RSE Registration No R1004380

WA Local Financial Services Pty Ltd trading as Western Financial
AR No 302707 Administrator and Authorised Representative of WA
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western financial



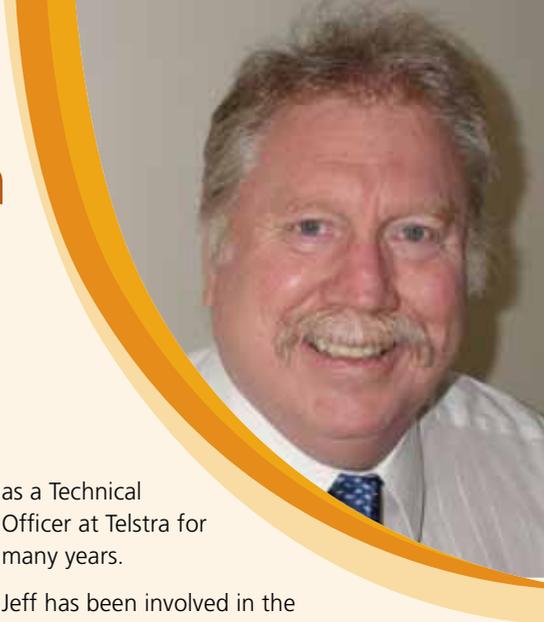
New Australian Services Union nominated Director

A new director representing the Australian Services Union has been nominated to take over from the exiting Kevin Sim. We thank Kevin for his service and commitment to the members of the Fund over the last 15 years.

Jeff Williams joins the board as the new ASU nominated director with a wealth of knowledge. Jeff has been President of the Australian Services Union Western Australia Branch for four years. Prior to this Jeff was a Branch Executive Councillor and on the Committee of Management for the Energy IT division. Jeff has worked as an Engineering Officer at Western Power and

as a Technical Officer at Telstra for many years.

Jeff has been involved in the union movement for the past 30 years and has experienced many changes to the superannuation system. Jeff's previous experience as a trustee Director of WestScheme Superannuation Fund and his keen interest in the retirement benefits available to all Australians leaves him in good stead to serve both the fund and its members as a Trustee Director.



Member elected Trustee Director

The position for Member Representative of the Trustee Board is up for renewal in July 2012. Nominations for the position were called for in September 2011 and narrowed down to four candidates. The election closed at the end of March with Andrea Ballantyne re-elected in the position.

Andrea has worked for the Local Government Union for the past

15 years as an Industrial Advocate, Treasurer and Assistant Secretary.

Andrea joined the board as an Alternative Director and later as a Director of the Trustee Board from 1998 – 2004. She has actively represented all members of the fund during that time. Andrea is currently elected by the members as a Member Representative and has held the position since July 2008.

On 8 May 2012, the Federal Government handed down its Budget for 2012/13.

It would be fair to say that everyone will be impacted in some way by the measures contained in the Budget itself, or by other recent announcements from the Government that will apply from 1 July 2012.

Deferral of higher concessional contributions cap

Deferred by two years to 1 July 2014.

If you had hoped for some final clarity on how the proposed higher \$50,000 concessional contribution cap for those aged 50 or over (and with less than \$500,000 in super) would apply from 1 July 2012, the Budget will disappoint you.

Rather than providing clarity on the operation of this measure, the Government has deferred its implementation by two years until 2014.

As a result of this deferral, the concessional contribution cap for everyone from 1 July 2012 (and until 30 June 2014) will be \$25,000 per annum.

It is important to note that this cap includes:

- Contributions made via a salary sacrifice arrangement
- Mandatory Employer contributions (i.e. 9% Superannuation Guarantee)
- Additional voluntary employer contributions (this includes matched Employer contributions)

It will be important to review your existing circumstances to ensure that this lower

concessional cap is appropriately targeted from 1 July 2012.

Higher tax on concessional contributions for high income earners

Effective 1 July 2012 (subject to being legislated).

From 1 July 2012 a higher level of "contributions tax" on concessional contributions will apply to you if your "total income" exceeds \$300,000. The higher tax rate will be 30%, rather than the standard 15% that will continue to apply if your total income doesn't exceed \$300,000.

The definition of "income" for the purpose of this measure will include taxable income, concessional superannuation contributions (e.g. superannuation guarantee contributions and salary sacrificed contributions), adjusted fringe benefits, total net investment loss, target foreign income and tax-free government pensions and benefits, less child support.

If an individual's income (excluding their concessional contributions) is less than the \$300,000 threshold, but the inclusion of their concessional contributions pushes them over the threshold, the reduced tax concession will only apply to the part of the contributions that are in excess of the threshold.

Whilst a doubling of the effective tax rate doesn't sound good, it's important to remember that a 30% tax rate on these contributions is still better than the 46.5% personal tax (including Medicare) that would otherwise be payable on this amount if not contributed to super.

Last chance to double your money with the Government co-contribution

From 1st July 2012 the Government co-contribution will be significantly changed. Not only will fewer people be eligible to receive the bonus, the reward will be less.

Currently, if you're eligible, for every \$1 you contribute after tax into your super fund the Government will contribute another \$1 up to a maximum of \$1,000. From 1 July 2012 the Government will only match up to half of what you contribute (50c for every \$1 you contribute after-tax) and only up to a maximum of \$500.

Also, from 1 July 2012, those who earn over \$46,920 will no longer be eligible to receive the bonus. Currently you have to earn over \$61,920 to not be eligible.



		2011/12 financial year	2012/13 onwards
If your income is...	And you make an after-tax contribution of...	You will be eligible for a max co-contribution of...	You will be eligible for a max co-contribution of...
\$31,920 or less	\$1000	\$1000	\$500
\$37,920	\$800	\$800	\$400
\$43,920	\$600	\$600	\$300
\$46,921	\$500	\$500	\$0

So...don't miss out!

To ensure you don't miss out on the opportunity to double your money, check you're eligible and then make an after-tax payment into your super account by 29 June 2012 (as 30 June is a Saturday).

For information about eligibility criteria and payment options, visit our website at www.walgsp.com.au and download our co-contribution fact sheet. You can also try our online calculator to work out how much you could be eligible to receive.

Performance Update

Performance to 31 March 2012

Top quartile performance in the Diversified Moderate, Diversified High Growth, Global Listed and Private Equities, Bonds & Yield, and Cash options.

The 12 months saw very difficult market conditions, with the European crisis and central bank reactions driving markets in both directions. The return on 5 of the options were in the top 25% of

superannuation funds in the Rainmaker/Selecting Super Performance Survey. The annual return of the Diversified Conservative and Australian Listed Equities options were also at or above median. These results reflect asset allocation decisions and the strong relative performance of WALGSP's managers across a range of sectors.

Superannuation returns for the 12 months to 31 March 2012

Investment Option Performance ⁽¹⁾	WALGSP Superannuation Account ^{(2) (3)}	Median ⁽⁴⁾	Upper Quartile ⁽⁴⁾
Diversified Conservative	4.5%	3.7%	5.1%
Diversified Moderate	3.3%	0.9%	2.3%
Diversified High Growth	1.8%	-0.2%	1.3%
Australian Listed and Private Equities ⁽⁵⁾	-6.2%	-5.7%	-4.2%
Global Listed and Private Equities ⁽⁶⁾	0.5%	-1.8%	0.0%
Australian Listed Equities	-5.7%	-5.7%	-4.2%
Global Listed Equities	0.7%	-1.8%	0.0%
Sustainable Future ⁽⁷⁾	-6.9%	-5.7%	-4.2%
Property & Infrastructure ⁽⁸⁾	3.0%	3.4%	6.4%
Bonds & Yield ⁽⁹⁾	12.2%	7.3% ⁽⁹⁾	8.6% ⁽⁹⁾
Cash	4.9%	4.2%	4.5%

- Returns shown for the 12 months to 31 March 2012 and are net of tax and investment fees.
- WALGSP Retirement Solutions – Income Stream Performance to 31 March 2012 can be accessed at <http://www.walgsp.com.au/Investments/Latest-Performance.aspx>.
- Performance rates are the Funds "Declared Rate". Members who have payments from the Fund will have a mixture of "Declared" and "Interim" rates applied to their payment.
- Median and upper quartile fund return in the Rainmaker/Selecting Super Benchmark Surveys, March 2012.
- Compared to the Rainmaker/Selecting Super Survey for Australian equities.
- Compared to the Rainmaker/Selecting Super Survey for International equities.
- Compared to the Rainmaker/Selecting Super Survey for Australian equities.
- Compared to the Rainmaker/Selecting Super Survey for Property.
- Combined 60% Rainmaker/Selecting Super Survey for Australian Fixed Interest and 40% Rainmaker/Selecting Super Survey for International Fixed Interest.

Diversified Conservative protects capital and out-performs the cash rate

In a year in which traditional growth assets (Australian listed equity, Global listed equity and property) detracted from returns, the Diversified Conservative option beat the cash rate (adjusted for tax). Fixed interest fund managers as well as high term deposit yields contributed to returns.

Diversified Moderate returns 2.4% above the median, well into top quartile

The performance of the Diversified Moderate option benefitted from the performance of its private equity (Australian and Global) and fixed interest investments. The fund held a low exposure to shares, which helped shield it from late 2011's market falls.

Positive performance for Diversified High Growth

The Diversified High Growth option returned 1.8% over the 12 months compared with a negative return from the median manager. Investments in private equity (Australian and Global) and infrastructure were the major contributors to performance.

Australian Listed and Private Equities

The option has an 80% allocation to Australian listed equities and 20% to Australian private equities. Negative performance of a listed fund was the main detractor from overall performance – while the underlying assets performed adequately, the fund traded at a discount. This was partly offset by the strong gains from private equity, which performed far stronger than the listed market.

Australia's economic outlook remains leveraged to China. The impact of any

slowdown in China and resulting fall in commodity prices is likely to extend beyond just resource stocks.

Global Listed and Private Equities

The option return exceeded the median return by 2.3% and upper quartile return by 0.5%. The allocation of the option is split between global listed (80%) and global private (20%) equities and both contributed to performance. Hedging foreign currency exposure by using a currency overlay also added value as the \$A rose to new highs, and other currencies fell against it.

Equity markets globally remain fragile and subject to volatility. Investor confidence is easily dented, with ongoing bad news from Europe, US and China adding to concerns about tighter policy at home.

Australian Listed Equities

The Australian Listed Equities option returned -5.7% (net of fees and tax) and is designed to track the index return of the S&P/ASX 300 Accumulation Index adjusted for tax.

Global Listed Equities

The option returned 0.7% and is designed to track the index return of the MSCI World ex-Australia Index in \$A (unhedged).

Sustainable Future

Both Australian equity managers underperformed over the 12 months to 31 March 2012.

Property & Infrastructure

The allocation of the option is split equally between property and infrastructure. WALGSP's investments in property detracted from overall performance and were partly offset by the strong performance of the infrastructure investments.

Weakening property prices in China and the impact on the global economic recovery is a concern.

Bonds & Yield

The Bonds & Yield option out-performed the median by an exceptional 4.9% and the upper quartile by 3.6% over the 12 months to March 2012. This result was achieved primarily through very strong returns of fund managers, as well direct holdings in fixed interest securities.

Uncertainty in Europe (fears about Italy and Spain and the default of Greece) contributed to debt market volatility and presented

investors with opportunities to add value and increase returns.

Cash

The performance of the Cash option was in the upper quartile of superannuation funds over the 12 months to 31 March 2012. Maturity and interest rate management of the underlying term deposits contributed to the WALGSP Cash option performing in the top 25% of superannuation funds.

During the year the Reserve Bank reduced the cash rate only twice (0.25% in November 2011 and 0.25% in December 2011) despite challenging conditions globally. The outlook is for lower returns.

Source: CPG Research and Advisory

Consolidate your super

If you've worked for a while or had a few jobs, you'll probably have money in several super funds. Money in multiple super accounts is vulnerable to more fees and charges, and over the long term could cost you dearly.

Consolidating your super can help you:

- Save on fees – fewer accounts means fewer fees.
- Have more control over your investment strategy – one account, one strategy.
- Keep track of all your super – everything's in one place.
- Avoid paying unnecessary insurance – premiums may be deducted in multiple accounts.

If you decide to roll your entire super into one account, be sure to check any insurance or other benefits you may lose or exit fees, before doing so.

Consolidate your super online

You can now consolidate your super online in three easy steps with our online consolidation tool.

All you need to do is enter your current member details including your client number, the details of your other funds of which you are rolling out from, then hit print and mail it to us, then we will take care of the rest.

Lost track of your super?

If you have lost track of your super you can search for it using the Australian Tax Office's (ATO) free SuperSeeker service. You will need your name, tax file number and date of birth. If SuperSeeker has a record for you, they'll provide you with the name of the fund that may have your super. The SuperSeeker tool can be found on the ATO's website at www.ato.gov.au.