

How super works

Product Disclosure Statement



The information in this document forms part of the *Club Super Product Disclosure Statement (PDS)* issued 13 August 2018. This document is called *Club Super Additional Information – How super works* and is not attached to the *Club Super PDS*. If you would like a copy of the *Club Super PDS*, go to our website to download a copy, or contact us.

About Club Super Additional Information – How super works

This *Additional Information* document provides you with detailed information about how super works. *Club Super Additional Information – How super works* was prepared and issued on 13 August 2018 by Club Plus Qld. Pty. Ltd. (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298). If you want more information about Club Super you can contact us on **1300 369 330**, or visit **clubsuper.com.au**. If you request further information, the Trustee of Club Super will provide all the information that it reasonably believes you may require to make an informed assessment of the management and financial condition of Club Super, including its investment performance.

What is super?

Superannuation is a tax effective and partly compulsory way of saving for your retirement. It works by having your employer pay a percentage of your salary into a super account on your behalf. This is known as Superannuation Guarantee (SG) contributions. See table 1 on page 2 for the SG contribution rates.

You can also help boost your super by making extra contributions from either your before-tax or after-tax pay.

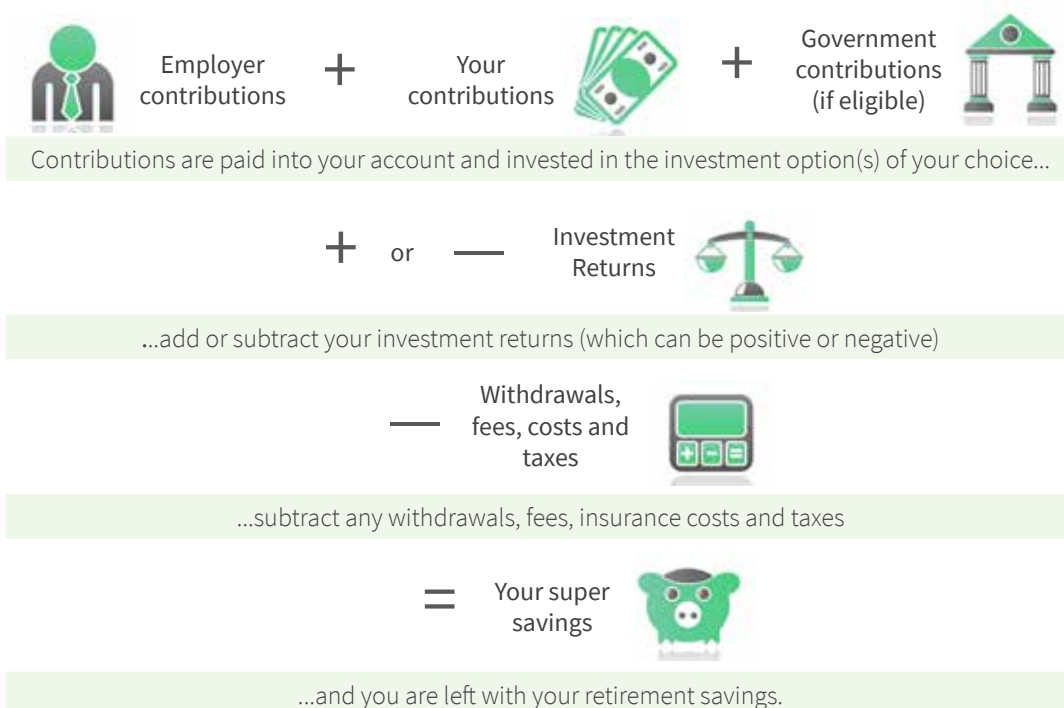
The Government helps by providing tax concessions that are available through investing in super.

For more information on the fees and taxes that may apply see the following *Club Super Additional Information* documents located at **clubsuper.com.au/members/forms-and-resources/publications**.

Product Disclosure:

- Club Super Additional Information – Fees and costs.
- Club Super Additional Information – How super is taxed.

Super in a nutshell:



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Employer compulsory contributions

Your employer is generally required to contribute a percentage of your salary into a super account on your behalf if you're aged 18 years old or over and paid \$450 or more (before tax) in a month.

This is known as Superannuation Guarantee (SG) contributions. If you are eligible for SG contributions your employer must pay these into your super account at least every three months.

Table 1 SG rates – Schedule of increases

Year	SG rate
1 July 2014 – 30 June 2021	9.5%
1 July 2021 – 30 June 2022	10%
1 July 2022 – 30 June 2023	10.5%
1 July 2023 – 30 June 2024	11%
1 July 2024 – 30 June 2025	11.5%
1 July 2025	12%

Choosing your fund

Selecting the right super fund is an important factor in ensuring you meet your retirement goals.

Most people can choose the fund their employer's super contributions will be paid into. However, some people who are covered by industrial agreements don't have this choice. If you don't make a choice or tell your employer where you would like your super paid, your employer will choose a fund for you.

To have your employer contribute into your Club Super account, simply complete a *Choice of Super Fund (nomination)* form located at clubsuper.com.au/members/forms-and-resources/forms, and hand it to your employer.

For more information on choice visit moneysmart.gov.au

How to join Club Super?

If you are employed by a Club Super contributing employer, or you are a spouse of a Club Super member, becoming a member of Club Super is **easy**:

1. Read the information in the *Club Super Product Disclosure Statement* and the *Additional Information* documents referred to within;
2. Complete the Member Application Form; and
3. Send it back to us, either directly or via your employer; or
4. Complete an online application available at: <https://secure.clubsuper.com.au/memberOnline/memberregistration>

Other forms you can complete to better arrange your superannuation affairs include:

- *Member Rollover Authorisation Form*, if you wish to transfer your other super accounts into Club Super.

- *Binding Nomination Form*, if you would like to make your beneficiary nomination(s) binding on the Trustee.
- *Non-Lapsing Binding Nomination Form*, if you would like to ensure your beneficiary nomination(s) remain in place permanently.
- *Insurance Cover Form*, if you require more than the default level of insurance cover.

Club Super Member Online

If you register for Member Online, you can:

- access the YourSuperFuture online advice tool;
- view your 30 June balance history from previous financial years;
- view your member statements;
- view your contribution history – contributions made by either employers or personal contributions since the last statement;
- obtain your account balance;
- view your current member details and update changes; and
- undertake online investment switching.

Every little bit helps – additional contributions

The contributions made by your employer will help your super balance. But will it be enough? Making personal contributions in addition to the contributions your employer makes may boost your balance significantly.

There are also a number of other ways you can help boost your super:

- Co-contribution
- Personal contribution (with or without tax deduction)
- Salary Sacrifice
- Consolidate your super
- Spouse contributions
- Low income super tax offset
- Contribution splitting

Government Co-contribution

To give your retirement savings an added boost, the Federal Government will contribute to your super if you make after-tax contributions and are otherwise eligible.

The Government will contribute \$0.50 for every \$1.00 you contribute up to the maximum eligible personal contribution of \$1,000.

However, the maximum is subject to a reduction when your income is above the lower income threshold (\$37,697 for 2018/19) and reduces to zero if your income is above the higher income threshold (\$52,697 for 2018/19).

If your income is less than the lower income threshold you could receive the maximum Co-contribution of \$500 by making a personal after-tax contribution of \$1,000.

To calculate the amount of the Government Co-contribution you may be entitled to, use the super Co-contribution calculator available on the ATO website ato.gov.au

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Are you eligible for the Co-contribution?

You will be entitled to a Federal Government Co-contribution if you satisfy all of the following conditions:

- You make personal (voluntary) contributions to your super fund out of your after-tax income in the financial year (i.e. the contribution is to be made on or before 30 June);
- Your super accounts (across all Funds) have a value of less than \$1.6 million at the previous 30 June;
- Your non-concessional contributions are within the non-concessional contributions limits (across all Funds);
- Your total income¹ is less than the higher income threshold² for the relevant financial year;
- You are not a temporary resident (i.e. you are a permanent Australian citizen or New Zealand citizen. Please note that some holders of temporary resident visa's may still be eligible. Contact the ATO on 13 10 20 for more information);
- You are under age 71 at the end of the financial year in which the contribution/s is/are made;
- Your eligible employment income³ is greater than 10% of your total assessable income⁴; and
- You lodge an income tax return for the financial year in question.

If you claim a tax deduction for your personal contribution, the contribution for which the deduction is claimed will not be eligible for the Co-contribution.

How is the Government Co-contribution treated for tax purposes?

The Government Co-contribution will be treated as a non-concessional contribution (but will not count towards the non-concessional contributions limit), and classified as tax free in your super. This means there is no tax to pay on these contributions. The interest earned by these contributions will be taxed like any other earnings in a superannuation account.

When will the Co-contribution be paid?

The Australian Taxation Office (ATO) determines the amount of the Co-contribution to pay after it receives your annual tax return and the details of superannuation contributions from the superannuation funds. The ATO will automatically credit the Co-contribution amount to the super fund to which you made your voluntary payments and will advise you by letter of this payment.

Reminder: To be eligible to receive the Government Co-contribution, you must make your personal (after-tax) contribution(s) to Club Super before 30 June each financial year.

Have you provided your Tax File Number (TFN) to Club Super?

We cannot accept your personal (after-tax) contribution(s) or the Government Co-contribution from the ATO without your TFN.

Personal contribution (with or without tax deduction)

If you are under 65 or aged 65 to 74 and meet the work test, you can claim a tax deduction for personal contributions you make to super, up to the concessional contributions limit. This may reduce the tax you pay.

To claim a tax deduction, you will need to lodge a notice of intent to claim a tax deduction with the Fund prior to lodging your tax return for the relevant year of income. This form is available at clubsuper.com.au or from the Australian Taxation Office.

Please note that personal contributions that you claim a tax deduction for, count towards your concessional contributions limit and will be taxed at 15%.

Alternatively, you may choose to make personal contributions without claiming a tax deduction. In this case, such contributions count toward your non-concessional contribution limit and are not taxed upon receipt by the Fund. You may also qualify for the Government Co-contribution in respect of personal contributions for which a tax deduction is not claimed.

However, in either case, contributions in excess of the respective limits may be subject to extra tax. All earnings on contributions are subject to tax of 15%.

All contributions and earnings are preserved in your super.

Contribution splitting

Members may apply to Club Super at the end of the financial year, to have concessional superannuation contributions that were made to their own account in the previous financial year, 'split' to their spouse's account. This provides an opportunity to even up the account balances and may provide a tax incentive, particularly if you or your spouse intend retiring before age 60. The 'split' amount may be invested in your spouse's Club Super account, or with their account in another fund. The maximum amount that can be split is the lesser of 85% of the concessional contributions made to your account, and the concessional contributions limit.

For more information, please visit ato.gov.au/super or see the *Contribution Splitting Application* form located at clubsuper.com.au/members/forms-and-resources/forms.

Salary Sacrifice

Salary sacrifice is when you have your employer pay part of your before-tax salary into your super.

Topping up your superannuation with salary sacrifice contributions rewards you with extra money in the future, but also provides tax savings right now! That is because salary sacrifice contributions are taxed at 15% when received by Club Super, instead of your marginal tax rates.

¹ Income is defined as assessable income plus reportable fringe benefits (RFB) plus, reportable employer superannuation contributions (RESK). RESK is generally superannuation contributions which you have asked your employer to make as salary sacrifice (before tax) or additional employer contributions (in addition to Superannuation Guarantee or award contributions) paid on your behalf as part of a remuneration package. Consult your employer to identify if you have any RFB or RESK for the financial year.

² The lower and higher income threshold values are indexed each year in line with AWOTE.

³ Eligible employment income is defined as income from running a business, eligible employment or a combination of both.

⁴ Assessable income is defined as income that can be taxed and includes salary and wages and income from investments.

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Salary sacrifice potentially lowers your taxable income and depending on your income level, employer and workplace agreement, you can begin to salary sacrifice at any age.

You can salary sacrifice in 3 easy steps:

1. Talk to your payroll manager about whether they allow salary sacrifice and the process of making salary sacrifice contributions;
2. Check if salary sacrifice will affect any other benefits you receive, like overtime and leave loading. It is a good idea to seek professional advice at this point; and

3. Decide how much you want to salary sacrifice and notify your employer.

Please note that salary sacrifice contributions count towards your concessional contributions limit. Contributions in excess of the limit may be subject to extra tax. All salary sacrifice contributions are preserved in your super.

For more information about preserved benefits see *Club Super Additional Information - Claiming a benefit*.

Consolidate your super

It may be a good idea to consolidate your super into one account so you can keep track of it. And, you won't have to pay unnecessary fees. So if you have multiple super accounts, have a think about consolidating them into Club Super.

Remember, Club Super does not charge any fees for rolling money into the Fund. You can access our online rollover tool available through Member Online, which allows you to search for and consolidate your other accounts into your Club Super account. Or, simply fill out a *Member Rollover Authorisation* form located at clubsuper.com.au/members/forms-and-resources/forms and send it to Club Super.

Note, each super fund you rollover from needs a separate rollover form.

Before transferring your superannuation benefits from your previous superannuation fund to your Club Super account, we recommend asking your previous superannuation fund for all information about your benefits in that fund (including transfer, exit, withdrawal or other fees, insurance cover and amounts and the available investment options) that you need to understand the effects of transferring those benefits.

Spouse contributions

If you are an existing member of Club Super living with your spouse on a bona fide domestic basis, your spouse is eligible to apply for spouse membership. A spouse includes de facto couples and same-sex partners.

You are able to make contributions on behalf of your spouse if your spouse is:

- under age 65 (your spouse does not have to be working); or
- aged between 65 and 69 years and has worked at least 40 hours in a period of 30 consecutive days in the financial year.

You are not able to make spouse contributions if your spouse is aged 70 or more.

Spouse and Family Law members have access to a 14 day cooling off period.

If you want your spouse to join Club Super, you and your spouse should complete the *Member Application* form at the back of the *PDS*. Alternatively, please contact our Customer Contact Centre on **1300 369 330**.

Once your spouse has joined Club Super, you will also need to complete a *Spouse Contribution* Form. You can download a copy of this form from our website.

Spouse members may apply for Death and Total and Permanent Disablement (TPD) Insurance with Club Super. Please read our document *Additional Information - Insurance in your super* to find out more. Go to clubsuper.com.au/members/forms-and-resources/publications.

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Tax Offset for Contributing Spouse Contributions¹

You may be entitled to a tax offset of up to \$540 per annum for any after-tax superannuation contributions made on behalf of your spouse, depending on their income. The tax offset is calculated as 18% of contributions, up to a maximum contribution of \$3,000. The \$3,000 limit reduces by \$1 for every \$1 that your spouse's income² (plus reportable fringe benefits total plus Reportable Employer Superannuation Contribution (RESC) exceeds \$37,000. Thus, the tax offset phases out when your spouse's income (plus reportable fringe benefits total plus RESC) is \$40,000 or more.

Receiving spouse's annual assessable income (plus reportable fringe benefits total plus RESC)	Contribution paid by contributing spouse	Maximum contribution eligible for rebate	Tax offset available to contributing spouse
\$10,000	\$5,000	\$3,000	\$540
\$37,000	\$5,000	\$3,000	\$540
\$37,000	\$2,000	\$2,000	\$360
\$39,000	\$5,000	\$1,000	\$180
\$39,000	\$2,000	\$1,000	\$180
\$39,500	\$5,000	\$500	\$90
\$40,000	\$5,000	Nil	Nil

¹ Spouse contributions made on behalf of same sex partners qualify for a tax offset.

² Income is defined as assessable income plus reportable fringe benefits plus, 'Reportable Employer Superannuation Contributions (RESC)'. RESC is generally superannuation contributions which you have asked your employer to make as salary sacrifice (before tax) or additional employer contributions (in addition to Superannuation Guarantee or award contributions), which are paid on your behalf as part of a remuneration package. Consult your employer to identify the likely RESC for the financial year.

Low income super tax offset

The Low Income Super Tax Offset (LISTO) is a Government super payment of up to \$500 per financial year to help low income earners save for their retirement.

LISTO will effectively refund the 15% tax that they have paid on their SG contributions up to a maximum of \$500. The minimum entitlement is \$10*.

You are eligible for the LISTO, if you satisfy the following requirements:

- you have concessional contributions for the year made to a complying super fund
- your adjusted taxable income does not exceed \$37,000 (if you are required to lodge a tax return)
- you are not a holder of a temporary resident visa (New Zealand citizens in Australia do not hold a temporary resident visa and, as such, are eligible for the payment)
- 10% or more of your total income is derived from business or employment.

If you think you are eligible, all you need to do is lodge your tax return with the Australian Taxation Office (ATO). They'll assess it, work out your adjusted taxable income and pay the LISTO directly into your super account for you. If you do not have to lodge a tax return, the ATO will work out whether or not you are eligible and pay the LISTO directly into your super account.

If you have a super balance of \$1.6 million as at 30 June of any year, you cannot make any non-concessional contributions to super, nor are you eligible for the Co-contribution or LISTO.

Transfer balance cap

The Government has introduced a \$1.6 million cap on the total amount of superannuation that can be transferred into a tax free Retirement Income Account. This cap will be indexed by CPI, increasing only in \$100,000 increments.

This cap won't apply to Transition to Retirement Accounts, as from 1 July 2017, such accounts are no longer tax free, with earnings to be subject to 15% tax.

Amounts in excess of the cap will need to be transferred out of the Retirement Income Account back into an accumulation account, where earnings will be taxed at 15%, or withdrawn from the super system.

The rules around the transfer balance cap are complex and we suggest you contact the Fund for further information, or obtain professional advice.

Please read our document *Club Super Additional Information - Transfer Balance Cap* to find out more.

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Tax treatment of different contributions

There are two types of contributions: Concessional and Non-concessional.

Concessional contributions

Certain types of contributions to super receive concessional tax rates. These are called concessional contributions and are taxed at 15%. They include:

- Employer contributions – including Super Guarantee contributions, Super Guarantee shortfall payments made by the ATO, contributions made under an industrial award, and voluntary employer contributions (if any);
- Salary Sacrifice contributions – which is when you have your employer pay part of your salary directly into your super, rather than your take-home pay (before tax is deducted); and
- Personal contributions for which a deduction is claimed.

The amount of concessional contributions that are taxed at 15% is limited to a maximum amount per individual per financial year.

For 2018/19 the tax concessions on contributions are limited to \$25,000 (in future years, this will be indexed by AWOTE). The \$25,000 annual limit applies across all Funds, not per Fund.

Carry forward unused concessional cap amount for 5 years

From 1 July 2018, members under 65 as well as members aged 65 to 74 who meet the work test, can, if their total superannuation balances (across all Funds) is less than \$500,000 at the previous 30 June, carry forward any unused concessional limit amounts on a rolling 5 year basis. Amounts not used after 5 years will expire.

For example, if you contributed concessional contributions of \$15,000 in 2018/19, you would carry forward \$10,000, meaning you could contribute that amount above the annual \$25,000 limit, once, at some point during the next 4 years.

Tax for high income earners

From 1 July 2017, the Government has set a limit of \$250,000 (previously \$300,000), for the combined total of taxable income and concessional contributions, beyond which contributions tax of 30% will apply to concessional contributions.

Please read our document *Club Super Additional Information - How super is taxed* to find out more.

Non-concessional contributions

Non-concessional contributions are not taxed when received by the Fund. Non-concessional contributions include:

- Member personal contributions (from after-tax pay);
- Spouse contributions; and
- Excess concessional contributions.

Government Co-contributions are not counted as non-concessional contributions.

For 2018/19 the limit on the amount of non-concessional contributions that are tax free is four times the limit applying to concessional contributions. That is \$100,000 with this limit applying across all Funds, not per Fund.

If your super accounts (across all Funds) have a value of \$1.6 million or more at the previous 30 June, you will not be able to make any further non-concessional contributions.

If you are aged under 65, you can bring forward two years of non-concessional contributions, giving you a maximum limit of \$300,000 over three years. Making contributions in excess of the non-concessional contributions limit will automatically trigger the bring forward rule.

Detailed rules apply around the bring forward arrangements if your balance is approaching \$1.6 million. In addition, transitional arrangements apply for people who triggered the bring forward rules in 2015/16 or 2016/17 and who have not fully utilised the bring forward total.

Please read our document *Club Super Additional Information - How super is taxed* to find out more.

What if the concessional or non-concessional contribution limits are exceeded?

The rules that apply when contribution limits are exceeded are complex. Please read our document *Club Super Additional Information - How super is taxed* to find out more.

You can download this document by going to clubsuper.com.au/members/forms-and-resources/publications.

Downsizer contributions

The Government has introduced an initiative to allow Australians aged 65 or over to significantly top-up their super, by contributing the proceeds of selling their family home (limits apply) into their super account. These are referred to as 'downsizer' contributions.

When can downsizer contributions be made?

From 1 July 2018.

What limits apply to downsizer contributions?

Downsizer contributions are limited to \$300,000 per person. Downsizer contributions count toward the \$1.6 million Transfer Balance Cap, which represents the maximum amount an individual can transfer from their super into a tax-free Retirement Income account.

How are downsizer contributions classified?

Downsizer contributions are not classified as a non-concessional contribution, meaning the current annual non-concessional contribution limit of \$100,000, does not apply.

What are the eligibility rules for downsizer contributions?

- You must be aged 65 or over;
- The downsizer contribution must be sourced from the sale of your main residence, and the contract must be executed on or after 1 July 2018;
- The residence must have been owned by you and/or your spouse for at least 10 years prior to the sale;
- You have 90 days after the settlement of your home sale to contribute amounts to superannuation as a non-concessional contribution;

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- You can make more than one non-concessional contribution, following the sale of your main residence, up to the limits outlined above.
- You don't have to meet the 'work test' to make a downsizer contribution.

For further information about downsizer contributions, refer to the ATO website. ato.gov.au/Individuals/Super/Super-housing-measures/Downsizing-contributions-into-superannuation/#Aboutthedownsizemeasure

First home super saver scheme (FHSSS)

The Government has introduced a FHSSS to assist first home buyers in saving for a deposit via their super account.

When does the FHSSS start?

Voluntary contributions made from 1 July 2017 are eligible, and may be withdrawn from your super account from 1 July 2018.

Which contributions qualify for the FHSSS?

Non-concessional contributions (annual limit of \$100,000 applies)

- Personal contributions you have not claimed a tax deduction for.

Concessional contributions (annual limit of \$25,000 applies)

- Salary sacrifice contributions;
- Personal contributions you have claimed a tax deduction for.

Which contributions don't qualify for the FHSSS?

- Compulsory Superannuation Guarantee contributions made by your employer;
- Compulsory employer contributions made under an award or enterprise agreement;
- Government co-contributions;
- Spouse contributions

How much can be withdrawn?

Up to \$15,000 of eligible contributions each year, and \$30,000 in total. Withdrawal applications must be made to the ATO.

Is tax paid on amounts withdrawn from super under the FHSSS?

Tax is payable on withdrawn concessional contributions at your marginal tax rate less a 30% tax offset. No tax is payable on withdrawn non-concessional contributions.

Am I eligible to use the FHSSS?

The following are the main rules applying to the FHSSS:

- you must be 18 or over;
- you must not have used the FHSSS before;
- you must not have previously owned real property in Australia;
- You must live in the property

For further information about the rules of the FHSSS, refer to the ATO website. ato.gov.au/Individuals/Super/Super-housing-measures/First-Home-Super-Saver-Scheme/

Eligibility to make contributions

In relation to:

- Non-concessional contributions;
- Salary sacrifice contributions; and
- Personal contributions (with or without a tax deduction).

There are no eligibility requirements for making contributions up to age 65. Between ages 65-74, you must be gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in that financial year to make such a contribution. Such contributions cannot be made on or after attaining age 75.

If you have a super balance of \$1.6 million as at 30 June of any year, you cannot make any non-concessional contributions to super, nor are you eligible for the Co-contribution or Low Income Superannuation Tax Offset.

Quotation of Tax File Number

If you do not supply your Tax File Number to the Fund, you may be subject to additional tax. For more information please see *Club Super Additional information - How Super is taxed* located at clubsuper.com.au/members/forms-and-resources/publications.

Nominating a beneficiary

While it is voluntary to nominate a beneficiary to receive your benefits in the event of your death, you should consider making such a nomination. As a member of Club Super you can do one of the following:

1. Nominate a "preferred beneficiary", or
2. Make a "binding nomination of beneficiary"
3. Make a "non-lapsing binding nomination of beneficiary"

A preferred, binding or non-lapsing binding nomination will apply only to the specific account you list on the form, unless you indicate on the form that the nomination is to be applied to all of your superannuation and/or Income Stream accounts within the Fund. In this case, you will need to nominate all relevant account numbers on the form. Please note that a non-lapsing binding nomination will not override any existing reversionary nomination you may have in place in relation to an Income Stream account.

Club Super has prepared *Additional Information - Nominating a Beneficiary* which provides information on dependants and beneficiaries, available at clubsuper.com.au/members/forms-and-resources/publications or you can telephone 1300 369 330 if you would like a copy.

Claiming a benefit

Superannuation is generally preserved, meaning it cannot be accessed, until retirement. However, the Government also acknowledges that some people may need to access their super before they retire. You may be able to claim some or all of your super in the following circumstances:

- Leaving your employer

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- Retiring, or partially retiring
- Severe financial hardship
- Specified compassionate grounds
- Death
- Total and Permanent Disablement
- Departing Australia (permanently) for temporary residents
- Family law payments
- Permanent incapacity
- Terminal medical condition

Club Super has prepared a *Additional Information - Claiming a benefit* telling you more about these options. For a copy, please visit clubsuper.com.au/members/forms-and-resources/publications or call 1300 369 330.

Contact details for Club Super

Postal address:	PO Box 10726 Brisbane Adelaide Street QLD 4000
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General Advice Warning

Club Super Additional Information – How super works contains general information only. It is not intended to contain any recommendations or statements of opinion or advice and it does not take into consideration your individual objectives, financial situation or particular needs. Therefore, before making a decision regarding your super benefits in Club Super, you should consider the appropriateness of any information provided in the *Club Super PDS* and this document. Club Plus Qld. Pty. Ltd. (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298) is Corporate authorised representative No. 268814 under Australian Financial Services Licence No. 238507 and is authorised to provide general financial product advice.