



# SUPER-NEWS

No: 3/14

Spring Edition

August 2014

Recently, TASS requested that the Retirement Benefits Fund (RBF) provide information we could publish in *Super-News* to keep members informed about the new deeming rules that will apply to Account Based Pensions from 1 January 2015.

The outcome of the current Strategic Review of RBF could possibly result in RBF Account Based Pensions being transferred to a new superannuation provider.

As you will read below, RBF advise us that they will keep members informed in sufficient time to take any necessary action to maintain the grandfathering provisions.

These changes relate to Account Based Pensions and do not have any impact on the RBF Life Pension (the defined benefit pension).

## ACCOUNT BASED PENSIONS - NEW DEEMING RULES - FROM 1 JANUARY 2015

The Australian Government has proceeded with change to the deeming rules for Account Based Pensions which was introduced on 5 April 2013 as part of Budget measures. This change has now become law and will take effect from 1 January 2015.

### How are Account Based Pensions currently treated?

Under the Centrelink and Department of Veteran's Affairs (DVA) income test, only annual pension payments that exceed the deductible amount are assessable.

Alternatively, other financial investments such as funds within a bank account, held by eligible retirees receiving Centrelink or DVA entitlements, are subject to deeming rates applied to their total market value. This means that retirees receiving Centrelink or DVA entitlements currently have deeming rates applied to the total market value of their financial investments.

Adopting this system often results in a more favourable income test treatment of an Account Based Pension when compared to other financial investments, which may lead to eligibility for higher social security payments.

### What is the change?

Account Based Pensions will be added to the definition of "financial assets" in social security legislation from 1 January 2015. This change of definition will mean that any Account Based Pension with a start date after 1 January 2015 will be subject to deeming rules for both Centrelink and DVA income test purposes.

### What does this mean for Account Based Pensioners?

Some Centrelink pensioners whose entitlement is determined by the income test may find themselves adversely affected if their Account Based Pensions are to be deemed. Also Centrelink pensioners who are currently asset tested may possibly end up being income tested as a result of the change taking effect on 1 January 2015. For some, this may mean a lower pension or entitlements. For those who fall within this category, it is advisable for many to preserve the current treatment of their Account Based Pension under the grandfathering provisions for as long as possible.

(Continued on page 4)

## FROM THE PRESIDENT

This issue of *Super-News* comes to you prior to the release of the State Budget by the Tasmanian Government.

Tasmanian retirees and pensioners will be anxious to know the details in this Budget, given the tight fiscal conditions faced by the State Government. It comes at a time when it is important for members to maintain your representation to the Government through the TASS Executive, in analysing the outcomes of the Budget, and its effects on our membership.

Recently, the TASS Executive held a one-day workshop in conjunction with economist Dr Bruce Felmingham. The outcomes of this workshop will be presented to members at a Forum presented by Dr Felmingham on 7 October. I urge members to join with the Executive on this occasion.



On a Federal level, the article featured on the front page of this edition of *'Super-News'* is particularly relevant to TASS members who may be affected by the changes to Account Based Pensions as detailed in the article provided by RBF.

I will be taking a break from my presidential duties during August, but will look forward to further contact with members on my return.

**Murray Harper,  
President**

### TASS EXECUTIVE MEETINGS – MEMBER ACTIVITIES 2014

January	Tuesday 21	1.30 PM	Executive Meeting / Workshop	Hobart
February	Tuesday 18	1.30 PM	Executive Meeting	Hobart
<b>March</b>	<b>Tuesday 18</b>	<b>1.30 PM</b>	<b>Annual General Meeting</b>	<b>Hobart</b>
April	Tuesday 15	1.30 PM	Executive Meeting	Hobart
May	Tuesday 20	1.30 PM	Executive Meeting	Hobart
<b>June</b>	<b>Tuesday 17</b>	<b>10.00 AM</b>	<b>Forum / Luncheon</b>	<b>Launceston</b>
July	Tuesday 15	1.30 PM	Executive Meeting	Hobart
August	Tuesday 19	1.30 PM	Executive Meeting	Hobart
<b>September</b>	<b>Tuesday 30</b>	<b>1.30 PM</b>	<b>Forum / Afternoon tea</b>	<b>Hobart</b>
October	Tuesday 21	1.30 PM	Executive Meeting	Hobart
<b>November</b>	<b>Tuesday 25</b>	<b>12.00 Noon</b>	<b>Pre-Christmas Luncheon</b>	<b>Hobart</b>
<b>December</b>	<b>Tuesday 2</b>	<b>11.30 AM</b>	<b>Pre-Christmas Luncheon</b>	<b>Perth</b>

**TASMANIAN ASSOCIATION of STATE SUPERANNUANTS Inc.**  
is an affiliate of:

**COUNCIL ON THE AGEING TASMANIA Inc. (COTA)**

The primary organisation representing the rights of older Tasmanians.

**AUSTRALIAN COUNCIL of PUBLIC SECTOR RETIREES ORGANISATIONS Inc. (ACPSRO)**

The peak council for 11 organisations representing retired civilian and military public sector workers from the Commonwealth, state and territory governments.

# IMPORTANT

## FORUM FOR TASS MEMBERS

The TASS Executive has arranged a Forum for members to attend a presentation by noted economist Dr Bruce Felmingham regarding options available to TASS for the campaign to gain more equitable treatment of our RBF superannuation pensions – together with the outcomes of the state and federal budgets – and how TASS members may be affected, depending on individual circumstances.

Dr Felmingham is the principal of Bruce Felmingham Economic Consulting, and a regular columnist in the *Sunday Tasmanian* newspaper.

### FORUM

**DATE:** TUESDAY 7 OCTOBER 2014

**VENUE:** HADLEYS HOTEL  
34 MURRAY STREET  
HOBART  
(Convenient car parking at Centrepoint)

**ARRIVAL TIME:** 1.15 PM  
REGISTRATION

**FORUM:** 1.30 PM – 3.30 PM

**PRESENTER:** DR BRUCE FELMINGHAM

**TOPICS:**

- Executive Report / Operational overview of TASS
- Impacts of the state and federal budgets: potential effects of policy changes
- TASS equivalents in other states/territories
- Options for TASS / Future directions
- General discussion / member input

**AFTERNOON TEA:** 3.30 PM – 4.00 PM  
Complimentary afternoon tea

**RSVP:** FRIDAY 3 OCTOBER 2014

JOHN CHALMERS  
**PHONE:** 6249-1240 (If no answer, please leave a message advising of your attendance)  
**E-MAIL:** [chalmersjq@gmail.com](mailto:chalmersjq@gmail.com)

**AS THIS IS EVENT IS SOME TIME OFF**  
**PLEASE PUT THIS DATE IN YOUR DIARY NOW!**

.....

President Murray Harper and the TASS Executive invites members to attend this opportunity and provide your input to the Tasmanian Association of State Superannuants Inc.

(Continued from front page)

### **Grandfathering Provisions**

If your Account Based Pension commenced before 1 January 2015 and you are receiving a Centrelink or DVA benefit, then it will continue to be assessed under the existing rules unless you otherwise select to change to a product that is assessed under the new rules.

The following events and actions on, or after 1 January 2015 will result in a pre-2015 Account Based Pension losing its grandfathering treatment:

- Changing income stream providers
- Aggregating multiple Account Based Pensions
- Adding or removing a reversionary beneficiary to an existing Account Based Pension
- Ceasing to receive an income support payment (either the original owner or the reversionary beneficiary)
- Commencing a death benefit pension for anyone other than a reversionary beneficiary.

### **How might the outcome of the Strategic Review of RBF affect existing RBF Account Based Pensions?**

Should RBF's accumulation funds including Account Based Pensions be transferred to a new superannuation provider, there could potentially be implications for some RBF members who would otherwise be protected by the grandfathering provisions. However, the position is anything but clear given the complex nature of successor fund transfer exemptions.

### **What should I do now?**

The simple answer is nothing yet. RBF is treating the possible implications on RBF members of any transfer of the Tasmanian Accumulation Scheme very seriously. RBF is seeking urgent clarification on such issues to ensure that we keep members informed.

RBF will work with your Association (Tasmanian Association of State Superannuants Inc.) and advise on the outcome of this investigation in sufficient time to allow RBF members to take action, should that become necessary.

RBF encourages members to speak with an RBF Financial Planner to consider their personal circumstances prior to making any decisions.

\*\*\*\*\*

## **CPI ADJUSTMENT TO RBF LIFE PENSION - JULY 2014**

**Recent advice from RBF to all Life pensioners was that RBF Pensions would be adjusted from the first pay period in July by the latest CPI increase.**

It was brought to the attention of the TASS Executive by one of our members that the first pay due on the 2<sup>nd</sup> July 2014 was actually paid in late June (payments are usually made a few days early) and did not reflect the new adjustment. The CPI adjustment was first applied from the pay on the 16<sup>th</sup> July 2014.

TASS has contacted RBF requesting clarification of why it was not paid for the first due pay period for July. We have been advised that our complaint is under formal investigation.

We are hopeful that we will be able to provide further information to members when the matter is resolved.

# SUCCESSFUL CENTRELINK FORUM FOR NORTH and NORTH-WEST MEMBERS

The TASS Executive was delighted with the interest shown by our members from the North and North-West at the Centrelink Forum and buffet luncheon held at the Country Club Tasmania on Tuesday 17 June. David Murray, Financial Information Services Officer, from the Centrelink Launceston office, gave a most informative and entertaining power point presentation which was interspersed with questions and discussion by members.

David outlined Centrelink entitlements and access to entitlements emphasising the impact of the Federal Budget proposals to wind back entitlements. The budget proposes that indexation of **Age Pensions** will revert back to CPI only, in 2017. Implicit in this proposal is that the Age pension will no longer keep up with the cost of living.

**Deeming** is used to assess the income generated by cash and shares. This uses Reserve Bank comparable interest rates, currently 2% for the first \$77,400 and 3.5% for the balance. The Federal Budget proposes to lower the first threshold in 2017; thereby increasing the total deemed income. Centrelink has access to individual share portfolios and automatically updates deemed income each fortnight.

As the **Defined Benefit pension** is only assessed as an income, there is no asset associated with this pension. The assessable income is the taxed component.

**Asset test thresholds** will continue to be indexed by CPI up to, and for three years beyond July 2017, and then they will then be capped. The principal home is not included, if it is on less than 2 hectares of land on which the house stands, and is fully utilised.

From January 1, 2015 the means testing of an **Account Based Pension** will be based on the deemed income of the asset value generating the pension. This will apply to entitlement of both the Age pension and the Commonwealth Seniors Health Card (CSHC). Those already receiving either the Age pension or the CSHC will only be affected by the change in means testing if they change their Account Based Pension provider, withdraw less than the required minimum amount, or implement a re-contribution strategy after January 1, 2015. For those members with Account Based Pensions the State government's pending decision following the two recent reviews of the RBF will be important.

At the conclusion of David's presentation, President Murray Harper expressed his appreciation to David on behalf of TASS. He also emphasised to members that the Federal Budget has created a very fluid situation, which may well be compounded by the State Budget in August.

The Forum was followed by members enjoying a buffet lunch in the Country Club 'Links' Restaurant.



# TASS pensioners get rough end of the stick

**This article was authored by Dr Bruce Felmingham, principal of Bruce Felmingham Economic Consulting, who provides a weekly 'Opinion' column for the *Sunday Tasmanian*, and was published in the newspaper on 27 July 2014. It is reprinted here for the information of all TASS members throughout the state, interstate and overseas**

THE Federal Budget for 2014-2015 put into effect that part of the Government's heavy-lifting agenda dealing with the indexation of Commonwealth aged, disability and defence pensions. By doing so, it moved the basis of the Australian pension system away from a community standards methodology to a purely price basis.

In this Federal Budget, the indexation of all Commonwealth pensions is linked to movements in the Consumer Price Index exclusively. The community standards basis, which involves linking pension increases to 'Male Total Average Weekly Earnings' (MTAWE) is gone for the foreseeable future.

Linking to the CPI ensures the purchasing power of the age and disability pensions is maintained, while the community standard basis aims to maintain the standard of living of pensioners relative to other members of society.

The Federal Government has broken the nexus between wage increases and the indexed values of pensions by abandoning the link between wages and the index and making the CPI the sole basis for indexation.

Ongoing research commissioned by the Tasmanian Association of State Superannuants shows the best option from a pensioner's perspective for the indexation of pensions is MTAWE, particularly for defined benefit schemes. This issue has been analysed over the period July 1998 to March 2013 and takes as a starting point the value of a single pension, which stood at \$9220 per annum in 1998.

The value of the indexed pension is calculated for both the CPI basis and variants of the MTAWE basis until March 2013. MTAWE benching reaches \$17,183 per annum in September 2013, compared with \$14,226 – a difference of \$2957 or \$57 a week. This may be viewed as a loss to superannuants over the period July 1998 to 2013. And unless there is significant change in the behaviour or these indices history may repeat itself. Perhaps the loss of \$57 can be viewed as the heavy-lifting contribution of pensioners the restoration to the restoration of the Federal Budget?

For the thousands of Tasmanians who participate in the Tasmanian public superannuation scheme, the whole issue about community standards versus price adjustments as bases of indexation is academic because TASS member entitlements have always be indexed on the CPI.

The Federal Government's reversion to CPI adjustment pensions is problematic given the limitations of the CPI. It is a measure of change in the prices paid for a fixed basket of goods and does not reflect changes. In spending generated by price effects.

Given the CPI's limitation the Australian Bureau of Statistics publishes cost-of-living indices for four household types, employee household, age pension household, other government benefit households and self-funded retiree household.

These indices are based on actual patterns for each household type rather than the fixed basket – but none of them outperform the MTAWE index as a community standard method.

**(Continued on next page)**

**(Continued from previous page)**

TASS beneficiaries continue to get a raw deal and their living standards have eroded as a consequence. A series of Tasmanian governments have treated TASS and others dependent on state pensions with disdain.

The entitlements of superannuants have been allowed to balloon unfunded, creating a superannuation liability of some \$6 billion; which must be funded out of the annual state budget. This cost the 2013-2014 Budget \$314 million — and is expected to cost \$515 million in 15 years' time. And it creates a risk for TASS pensioners in an age when governments are trying to extract savings.

The Giddings minority government, to its credit, gave superannuants a cast iron guarantee that all pension liabilities, rebates and subsidies would be paid in full.

The ball is now in Treasurer Peter Gutwein's court. He must guarantee that all superannuation liabilities and entitlements will be met in full in the upcoming state budget. His mind should also be open to improving the lot of state superannuants and the raw deal they continue to receive from CPI indexation:

.....

## **'Retired Life Even Dearer'**

**This article headline appeared in the *Mercury On Saturday*, dated 17 August 2013, and included a summary of a report by The Association of Superannuation Funds of Australia (ASFA)**

The article pointed out that the, *“cost of living for retirees has increased again with a retired couple now needing \$56,300 a year to live comfortably.”*  
*(A single person household requires \$42,000)*

It stated that, *“a couple in retirement now need \$32,600 a year for a modest standard of living, which is based on only basic living standards and activities.”*  
*(A single person household requires \$22,600)*

The report covered a range of living costs such as:

- housing,
- energy,
- food,
- clothing,
- health,
- transport,
- leisure; and
- communications.

It also stated, *“that the cost of private health insurance, food, energy and transport costs have a significant impact on the living costs of retirees”*. And that *“rising living costs come at a tough time for retirees, many of whom will have experienced a drop in their income as a result of falling interest rates.*

\*\*\*\*\*

## TASS EXECUTIVE ACTION

### TASS REVIEW WORKSHOP

**The TASS Executive held a workshop with Dr Bruce Felmingham, principal of Bruce Felmingham Economic Consulting on 29 July to explore options to progress the indexation issues on behalf of our members.**

Dr Felmingham has conducted extensive research into the background of TASS and presented this information to the Executive at the workshop. He led a discussion exploring the future options for TASS to continue the indexation issue, along with other services that TASS may be able to provide for our members.



Dr Bruce Felmingham makes a point at the TASS Executive Review workshop

**As advertised on page 3 of this issue of *Super-News* Dr Felmingham will be presenting a forum including information from the workshop for the benefit of TASS members.**

### REVISED TASS WEBSITE

**The Member Activities & Promotion subcommittee is in the process of undertaking a review of the TASS Website to restructure the presentation of the site, together with an update of the existing contents listings and information.**

We are fortunate to have the services of John Minchin as a member of the subcommittee, who possesses excellent computer processing skills, to head the task. In the November edition of *Super-News*, we will provide details of the new website and its layout.

### 'SUPER-NEWS' MAIL OUT

**Since TASS first published *Super-News* in 1987, the laborious manual task of mailing 1,000 copies of the quarterly edition, including the folding, enveloping and posting has been undertaken by the members of the Executive on the day prior to you receiving your copy.**

With most of us at an advanced stage of life this process exerts a toll on one's fingers and knuckle joints. A recent decision by the Executive has resulted in us engaging a private provider of mailing services to undertake this task on our behalf – Tadpac, based at suburban Glenorchy in Hobart. This edition of *Super-News* has been mailed to you by this process.



## WOULD YOU LIKE TO RECEIVE YOUR COPY OF *SUPER-NEWS* ELECTRONICALLY?

As we move into the age of electronic communication the TASS Executive offers our members the option of having their copy of *Super-News* sent to them by email. This will reduce our printing costs and help keep subscriptions low.

If you have already received an email on this subject, read no further.

- Should you wish to take advantage of this all you need to do is send an email to [info@tass.org.au](mailto:info@tass.org.au) with the words "Super-News - YES" as the subject. There is no need to write anything else.
- Your copy of *Super-News* will then arrive attached to an email as a PDF (Portable Document Format) document.
- To read it you will need Acrobat Reader which is a free application. If you don't already have it, you can download it from:  
<http://www.adobe.com/au/products/reader.html>

If you prefer to continue receiving *Super-News* by post you don't need to do anything.

.....

## MyPOST CONCESSION ACCOUNT

Australia Post's new service, MyPost Concession Account, is available to all Australians who have a valid Federal Government concession card.

It provides benefits including:

- a free booklet of five concession stamps upon registration and the ability to purchase up to 50 concesssion stamps per year;
- concessions on Mail Hold and Mail Redirection services; and
- easy access to the above services with a MyPost Concession Account.

**For more information visit:** [auspost.com.au/mypost](http://auspost.com.au/mypost);  
phone 13 13 18; or  
call into an Australia Post office.

.....

**The government is like a baby's alimentary canal, with a happy appetite at one end and no responsibility at the other.**

**- Ronald Reagan**

## TASS PEOPLE

**Following the TASS Annual General Meeting in March of this year the Executive was delighted to secure the services of Donald Wells to act as our representative in the North-West of the state. This is public sector career of Donald, together with his wife Margaret.**

**Donald's** career spans 41 years in the Forestry Commission / Tasmania, working across various fields within the organisation from Assessment crew, Storeman, District Clerk, District Office Manager, State Budget Officer, Regional Executive Officer, and Business Manager. During his working life he was stationed in Smithton, Burnie, Devonport and Hobart.

His interests outside of his career in forestry include fishing, lawn bowls, caravanning and the sport of go-kart racing. He has held many positions within the organisation – including being both State and National President. He is also a Life Member of the North-Western Kart Club Inc.

Donald is married to Margaret who had worked in health services, commencing at the Latrobe Hospital as a trainee nurse. After a period as a stay at home mum, she went back to nursing in Smithton and Adelaide, returning to work for Pathology in Burnie. Until recently she also enjoyed go-kart racing. She is a member of Soroptimist International, being Past President of both Smithton and Burnie. Currently, she holds the position of State President.

Donald and Margaret have three grown up daughters, three grand-children, and now with the recent arrival of number four in July. Two of their daughters live in Western Australia to whom they make frequent visits.



Donald and Margaret Wells at the Centrelink Forum held at the Country Club Tasmania, Launceston in June.

## A CABBIE'S VIGNETTE

**This vignette from a day in the life of a Tasmanian taxi driver comes from TASS member Ross Butler, who obviously enjoys the company of his passengers.**

The usual greeting to a passenger of “How are you today?” elicits, often, the reply: “You really wouldn’t want to know!” To this my reply is: “Madam, it is part of a taxi driver’s duty statement to listen to all gripes, growls, groans, grizzles and grumbles. Do tell me!”

Usually a laugh and a change of topic is the response. Sometimes it is a lengthy medical history that turns out to be quite instructive about the frailties of old age for this (at present) quite fit and healthy bloke. One elderly lady’s recital ended with a quavering: “Sonny, do-o-o-n’t ge-et o-old!

(And, gee, it’s nice pushing 70 to be addressed as “Sonny” and told I’m just a spring chicken! I’m addicted to it. It’s why I drive a cab!)

In a mock seriously emphatic tone I replied: “Madam, I have no intention of getting old. I drink lots of beer and I chase wild, wild women!” As I carried her groceries up the path her quavering voice changed to a perky cackle as she asked: “Where, oh where can I find some wild, wild men?”

## ‘FUNNIES’

**On an international flight it was time for the meal to be served.** As the flight attendant came along the aisle with the meal trolley she asked a male passenger, “Would you like dinner?” “What are the choices?” asked the man. “Yes or no,” replied the flight attendant.

**A judge was hearing a rather bitter divorce case.** The couple had been married for seven years and had two young children. Finally, when the case had been decided the judge said to the husband, “I am giving your wife the amount of \$500 a week.” To which the husband replied, “That’s very kind of you your Honour. In fact, I will try to send her a little something myself from time to time.”

**A businessman told his neighbour that his company was looking for a new accountant.** “Didn’t you employ a new accountant a few weeks ago?” asked the neighbour. “Yes” replied the businessman. “That’s the accountant we’re looking for.”

### SOME OF MURPHY’S LESSER KNOWN LAWS:

- A fine is a tax for doing wrong. A tax is a fine for doing well.
- Give a man a fish and he will eat for a day. Teach a man to fish and he will sit in a boat all day drinking beer.
- Change is inevitable, except from a vending machine
- A flashlight is a case for holding dead batteries.
- God gave you toes as a device for finding furniture in the dark.
- If the shoe fits, get another just like it.
- The things that come to those who wait, may be the things left by those who got there first.
- When you are in court charged with an offence, you’re putting yourself in the hands of twelve people who weren’t smart enough to get out of jury duty.

## USEFUL CONTACTS FOR TASS MEMBERS

### Retirement Benefits Fund (RBF):

All enquiries 1800-622-631  
Website [www.rbf.com.au](http://www.rbf.com.au)

### Australian Taxation Office (ATO):

Personal taxation information 13 28 61  
Personal tax automated self help 13 28 65  
Superannuation information 13 10 20  
Website [www.ato.gov.au](http://www.ato.gov.au)

### Centrelink (Department of Human Services)

- Provides Centrelink and Medicare services:

Pension enquiries 132 300  
Overseas pensions 131 673  
Financial information service 132 300  
Families and parents 136 150  
Disability and carers 132 717  
Website [www.humanservices.gov.au](http://www.humanservices.gov.au)

## TASS EXECUTIVE - ADMINISTRATION

### CONTACT ADDRESSES FOR THE TASS EXECUTIVE – ADMINISTRATION

**President:** Murray Harper **Tel:** 6243-4326  
**Vice President:** Ross Brown **Tel:** 6243-7336

**Secretary:** Rob van Schie **Tel:** 6229-7923

The TASS email address ([info@tass.org.au](mailto:info@tass.org.au)) is held by the Secretary, Rob van Schie

**Treasurer:** John Chalmers **Tel:** 6249-1240

The TASS mobile phone number (0448-731-845) is held by the Treasurer, John Chalmers

**Membership Officer:** Charles Thomas **Tel:** 6248-5902  
**Super-News Editor:** Kip Muller **Tel:** 6225-3634

**Northern Tasmania Representative:** June Hazzlewood **Tel:** 6327-2562

**North-West Tasmania Representative:** Donald Wells **Tel:** 6432-3641

### CHANGE OF ADDRESS

SHOULD YOU CHANGE YOUR ADDRESS  
PLEASE ADVISE THE  
**MEMBERSHIP OFFICER, CHARLES THOMAS**  
SO THAT HE CAN UPDATE OUR RECORDS