

Feature

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How the Consumer Price Index affects your pension

On the first payday in January and July each year, we adjust your pension in line with the Consumer Price Index (CPI).

The CPI takes into account a range of factors as set by the Australian Bureau of Statistics (ABS). These include the price of food, clothing, housing and transport.

Once the ABS releases the CPI figures, we can see if your pension is due for an increase. If the CPI rises, we increase your payment. If the CPI falls, or stays the same, your pension will not change.

How the CPI pension adjustment is calculated

On 22 April 2009 the ABS announced a March CPI figure of 166.2. As this is lower than the September 2008 CPI figure of 166.5, your pension will remain the same. The following calculation shows that the CPI has decreased:

$$\frac{(\text{March 2009 CPI number}) - (\text{Sept 2008 CPI number})}{(\text{Sept 2008 CPI number})} \times 100 = \text{CPI change}$$

(Sept 2008 to March 2009)

$$\frac{(166.2 - 166.5) \times 100}{166.5} = -0.1801801\%$$

$$= -0.18\% \text{ (when rounded to the nearest tenth of one per cent)}$$

Therefore, on payday 2 July 2009, your superannuation pension will not increase. If you would like more information about the CPI and how it is calculated, visit the ABS website at www.abs.gov.au

Pensioner services online update

In the January edition of **pension update**, we announced major improvements to **pensioner services online**.

You can now:

- > view and update your personal information, including banking details
- > view your fortnightly pension payments
- > view and print your CPI letter and **payment summary**
- > view PSS contact details.

If you would like access to this service call **1300 001 777** and we can give you an access number over the phone.

Does PSS investment performance affect my pension?

As a PSS pensioner, PSS investment performance doesn't affect your pension in any way. PSS pensions are paid from consolidated revenue, which is current tax revenue, and not the PSS fund. This means that PSS investment performance will not affect your pension.

Twice a year your indexed pension changes if the CPI increases. For more information about how the CPI is calculated, see **page 1**.

Pre-July 1983 excess contributions – we need your help

What are pre-July 1983 excess contributions?

These are contributions made before 1 July 1983 which, together with life insurance premiums (if any), exceeded an annual limit of \$1,200. The Australian Taxation Office (ATO) holds pre-July 1983 excess records.

If you have pre-July 1983 excess contributions we now need this information from you or we need you to give us permission to get this information from the ATO.

Before 1 July 2007, when you submitted your income tax return, you could claim a concession for these contributions directly from the ATO. However, for the 2007/08 financial year onwards, we will convert this amount into a tax-free amount and show this on your **payment summary**. This reduces the PSS income amount assessed for tax.

How you can give us this information?

1. Find out if you have pre-July 1983 excess contributions that can be applied to your pension

Use this checklist to see if you are eligible for a tax-free amount.

- You have pre-July 1983 excess contributions recorded by the ATO.
- You previously claimed a deduction in the 'D9 field' of your income tax return.
- Your pension started before 1 July 1994.
- You chose to take your member contributions as part of your pension.

If you answered yes to three or more of these questions you may be eligible for a tax-free amount, but we need some further information first.

2. Fill out the form

If you haven't already told us about your pre-July 1983 excess contribution please fill out the **Tax-free amount variation** form at **www.pss.gov.au**.

In the form you can either:

- > give us permission to contact the ATO to find out your pre-July 1983 contributions
- > include the documentation (from the ATO) confirming the value of your pre-July 1983 excess contributions.

3. We will recalculate your tax-free component

When we receive your form we will recalculate the tax-free component and reduce your taxable taxed component.

You can then apply to the ATO for a reassessment of the tax you have paid in the 2007/08 financial year.

Remember, if you are over 60, your tax deductions will not change because you don't pay tax on either component.

Same-sex discrimination removed

The *Same Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008* passed on 26 November 2008 and came into effect on 1 January 2009. The new legislation removes discrimination against same-sex couples and their children in relation to Australian Government superannuation schemes including the PSS.

The changes allow eligible same-sex partners to receive death benefits upon the death of their partner. The rules apply to members and pensioners who die on or after 1 January 2009.

For further information about your spouse's eligibility and death and dependents benefits visit www.pss.gov.au.

Members and pensioners in a same-sex relationship do not need to register their relationship with us. We look at eligibility at the time of death.

Eligible children of same-sex couples may also be entitled to receive reversionary benefits. The definition of a child now includes a child within the meaning of the *Family Law Act 1975*. This includes children born from an artificial conception procedure and children defined under law as born from a surrogacy agreement.

Super splitting now available to de facto relationships

The *Family Law Amendment (De Facto Financial Matters and Other Measures) Act 2008* passed on 24 November 2008 and came into effect on 1 March 2009. This Act effected changes to the *Family Law Act 1975* which provides for opposite-sex and same-sex de facto couples to access the federal family law courts on property and maintenance matters.

The changes also include recognition of financial agreements between de facto couples and superannuation splitting where determined by court proceedings. Before these changes this was only available to legally married couples.

De facto partners and former de facto partners can now access information about a member's super in order to enter into a financial agreement. You will need to complete an **Application for information** at www.pss.gov.au – please be sure to follow the steps in the checklist to avoid any delay in processing your application.

Review of pension indexation – an update

On 26 June 2008, the Minister for Superannuation and Corporate Law, Senator Nick Sherry, announced a review on pension indexation arrangements for Australian Government super schemes, including the PSS.

The review started in July 2008 and, at this time, we are not aware of any further outcomes.

For further information, visit the Department of Finance and Deregulation website at www.finance.gov.au.

What happens to my pension when I die?

It is important to discuss with your family what will happen to your pension when you die and to let them know the location of important documents relating to your pension.

In the event of your death, a family member should let us know by calling us on **1300 001 777**. This will minimise disruption to your loved ones at this difficult time. For example, we can stop your pension payments, so your estate won't have to repay any overpayments.

continued over page

Even if your spouse and/or children are eligible for a pension, your pension payments must stop before we can assess any further benefit payable. As soon as your family contacts us we will send an application form to your spouse and/or children. This means they can apply for a pension and if eligible, benefits will start for your family as soon as possible.

When your family member completes the application form they will need documents to prove their identity to us. Below is a list of documents we can accept as identification – one certified document from **column A** and three certified documents from **column B**.

For example, your spouse could give us a certified copy of their birth certificate (from **column A**) and certified copies of their Medicare card, a phone bill and electricity bill (from **column B**).

A	B
Passport (current or expired by less than two years)	Medicare card
Birth certificate or extract, issued by an Australian or foreign government (either in English or accompanied by an English translation prepared by an accredited translator)	A current statement from a financial institution with the same address and name as on the application and not more than three months old. This statement must be the account that you are requesting payment into
Birth card issued by a state registry of births, deaths and marriages	Copy of an electricity bill with the same address and name as on the application
Australian citizenship certificate	Copy of a telephone bill with the same address and name as on the application
Current drivers licence or permit issued by state or territory or foreign government	Copy of a gas bill with same address and name as on the application
Current identification card issued to a public sector employee	Copy of a rates bill with same address and name as on the application
An identification card issued to a student at a tertiary education institution	Valid credit card
Pension or other social security benefit card	A document from column A not yet provided
Proof of age card issued by a state or territory, containing your photograph	Copy of a tax return letter from the Australian Taxation Office with the same address and name as on the application
A national identity card, containing your photograph, issued by a foreign government (either in English or accompanied by an English translation prepared by an accredited translator)	A letter from Centrelink or Department of Veterans' Affairs with the same address and name as on the application
Citizenship certificate issued by a foreign country (either in English or accompanied by an English translation prepared by an accredited translator)	

About your payment summary

We have made changes to the way we will be reporting your pension payments to the ATO at the end of the financial year. We now only include assessable income on your **payment summary**.

If you are over 60 years of age, you will have an extra paragraph included on the second page of your payment summary.

This extra information details the total amount of pension you have received in this financial year and is for your information only you do not need to give this to the ATO.

Understanding your new look payment summary - under 60 years of age

PAYG payment summary - superannuation income stream

Payment summary for year ending 30 June 2009

Payee details

your name

your address

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit www.ato.gov.au
- refer to TaxPack, or
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Day/Month/Year

Day/Month/Year

Period of payment

to

Payee's tax file number

TOTAL TAX WITHHELD \$

1

Taxable component

Taxed element

\$

2

Untaxed element

\$

3

Tax free component

\$

4

Tax offset amount

\$

5

Lump sum in arrears - taxable component

6

Taxed element

\$

Untaxed element

\$

Lump sum in arrears - tax free component

\$

Payer details

Payer's ABN or withholding number

Branch number

Payer's name

Signature of authorised person

Date

- This is the amount of tax you paid in this financial year.
- This is the portion of your pension which you purchased with your member and post-1990 productivity (if applicable) components less your tax-free amount. The 15% tax offset is calculated on this amount. If you have not purchased pension with your member and post-1990 productivity components your **payment summary** will show NIL (or 0.00) in this field.
- This is that part of your pension which you have purchased with your pre-1990 productivity (if applicable) and employer components. This amount is taxed at your marginal tax rate.
- This is that part of your pension which you have purchased with your member and pre-July 1983 excess (if applicable) contributions. This amount is tax-free and we apply it to your pension each fortnight unless you tell us not to.
- This is the amount by which your tax liability has been reduced.
- This is the amount of pension arrears relating to previous financial years that was paid to you this financial year.

Understanding your new look payment summary - over 60 years of age

PAYG payment summary - superannuation income stream

Payment summary for year ending 30 June 2009

Payee details

your name

your address

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit www.ato.gov.au
- refer to TaxPack, or
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Period of payment to
 Payee's tax file number TOTAL TAX WITHHELD \$

Taxable component

Taxed element \$
 Untaxed element \$
 Tax free component \$
 Tax offset amount \$

Lump sum in arrears - taxable component

Taxed element \$
 Untaxed element \$
 Lump sum in arrears - tax free component \$

Payer details

Payer's ABN or withholding number

Branch number

Payer's name

Signature of authorised person

Date

- This is the amount of tax you paid in this financial year.
- This is that portion of your pension which you purchased with your member and post-1990 productivity (if applicable) components less your tax-free amount. As you are over the age of 60, this amount is tax free and is not reported on your **payment summary**.
- This is the part of your pension which you have purchased with your pre-1990 productivity (if applicable) and employer components. This amount is taxed at your marginal tax rate less 10% tax offset.
- This is the part of your pension which you have purchased with your member and pre-July 1983 excess (if applicable) contributions. This amount is tax-free and is not reported on your **payment summary**.
- This is the amount by which your tax liability has been reduced.
- This is the amount of pension arrears relating to previous financial years that was paid to you this financial year.

We want your feedback!

We measure our level of customer service by sending a survey each year to a random selection of pensioners. If we select you to participate, you will find a survey in your package. Please return the survey by 31 July 2009 in the reply paid envelope. For further information, call ORIMA Research on **1800 806 950** (free call).

If you don't receive a survey, but would like to give your feedback, call **1300 001 777** or email pensions@pss.gov.au. You can also write to us at the address at the back of this **pension update**.

If you are not satisfied with our service, you can either ask to speak with a supervisor or talk with a complaints officer. Contact details for any complaints are at the back of this **pension update**.

If you are still dissatisfied with our response or we cannot resolve your complaint within 90 days you can lodge a complaint with the Superannuation Complaints Tribunal (SCT) free of charge. The SCT is an independent organisation set up by the government to resolve complaints. You can contact the SCT directly by:

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

Do you need to update your address or banking details?

You can change your details at **pensioner services online** or contact us on the details at the back of this **pension update**.

Be aware that address changes made after the 11 December 2009 will not be effective for the January 2010 CPI mail out. If you have changed your address and have not let us know by this date, please make sure you have a mail redirection in place to receive your January 2010 CPI pack.

Any bank or tax changes made after 11 December 2009 will not apply to your pension until payday 28 January 2010.

Do you need to update your taxation details?

If you would like to make changes to your fortnightly taxation arrangements, you need to complete a **Withholding declaration** form at www.ato.gov.au or tell us in writing.

Please make sure you include your full name, date of birth, current address and reference number to confirm your identity.

Sudoku

(solution on page 8)

	9						1	
5		6				7		2
	4		5		6		9	
		9		7		2		
	7		2		1		8	
		1		8		3		
	3		4		5		6	
1		8				4		5
	2						3	

Every digit from 1 to 9 must appear:

- > in each of the columns
- > in each of the rows
- > and in each of the nine boxes.

How to contact us

Email	pensions@pss.gov.au
Phone	1300 001 777 from anywhere in Australia for the cost of a local call (mobile charges apply to mobile phones). We are available between 9.00 am and 5.00 pm Australian Eastern Standard Time (AEST) Monday to Friday. Pensioners with a hearing impairment can use a special TTY facility: 02 6272 9827
Fax	02 6272 9614
Postal address	PSS, PO Box 22, Belconnen ACT 2616
Street address	Unit 4, Cameron Offices, Chandler Street, Belconnen ACT
Web	www.pss.gov.au
Complaints	02 6272 9081
Email	complaints@pss.gov.au
Postal address	Attention: Complaints Officer PO Box 22, Belconnen ACT 2616

Useful contacts

Australian Tax Office (ATO)

The ATO can help with questions about your super and tax.

www.ato.gov.au

Personal tax enquiries: 13 28 61

Superannuation enquiries: 13 10 20

Centrelink

Contact Centrelink for information about the Age Pension, Pensioner Concession Cards, Widow B Pension, Wife Pension, Commonwealth Seniors Health Card and its Financial Information Service.

www.centrelink.gov.au

Retirement Services: 13 23 00

If you have a hearing impairment or have a speech impediment

13 36 77 (Voice and TTY)

1800 555 677 (Voice and TTY)

Superannuated Commonwealth Officers' Associations (SCOA)

SCOA is an independent, national organisation working for the benefit of Australians and their families, employed or retired, who have chosen public service for all or part of their working lives.

www.scoa.asn.au

Postal address: PO Box 107, Mawson ACT 2607

Phone: 02 6286 7977

Fax: 02 6286 7999

Email: fedoffice@scoa.asn.au

Sudoku answers

7	8	6	8	9	1	5	2	4
5	2	4	7	3	6	8	9	1
8	9	1	5	2	4	7	3	6
4	7	3	6	8	9	1	5	2
9	8	9	1	6	5	2	4	7
1	5	2	4	7	3	6	8	9
3	6	8	9	1	5	2	4	7
2	4	7	3	6	8	9	1	5
6	1	5	2	4	7	3	6	8

WARNING - THIS DOCUMENT CONTAINS GENERAL ADVICE OR INFORMATION ONLY

The information in this document is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider any advice in this document in light of your personal objectives, financial situation or needs before acting on it. You may wish to consult a licensed financial planner to do this. If you are looking at acquiring a financial product you should obtain a Product Disclosure Statement and consider its contents before making any decisions.

Australian Reward Investment Alliance (ARIA)
ABN: 48 882 817 243 AFSL: 238069
RSE Licence no: L0001397,
Trustee of the Public Sector Superannuation
Scheme (PSS) RSE: R1004549 ABN: 74 172 177 893