

Scoop on Super

Your super magazine, Autumn 2010



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Welcome to the Scoop

It's been a while since our last Scoop on Super, but that doesn't mean we've let the grass grow under our feet.

In this issue, find out how your super's performed against the much more positive backdrop of world financial markets.

We also show you how to avoid paying more tax than necessary on pages 3 to 5, by understanding the new, lower contribution caps. And, while we're on the topic of contributions, you still have until June 2010 to cash in on the Government's co-contribution. Check out the exact dates and criteria on page 6.

We also cover why we need proof of identification when you leave the Fund and answer your questions about how interest is allocated to your account after a switch.

That's about it for now. I hope you enjoy the issue and please call us if you have any queries.

John McNally
Chief Executive Officer



LGSP

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western financial



Mind the gap

with the contributions' cap

Chipping in extra money is an easy way to build up your super. However, there are caps or limits to how much you can contribute each financial year. And, if you exceed those caps, you'll have to pay tax on the excess amounts.

What are the caps?

The maximum amount you can contribute is different depending on the type of contribution you make.

Up until 30 June 2009, the total amount of concessional contributions you could make was \$50,000 pa for people under 50 years. However, the concessional contributions cap for people 50 years and over was \$100,000 pa. Since 1 July 2009, these figures halved.

The result is that for this current financial year the total amount of **concessional contributions** you can make if you're under 50 years is \$25,000 pa. Those 50 years and over benefit from transitional arrangements, whereby their cap on concessional contributions, although reduced to \$50,000 pa, will remain at this limit until 30 June 2012.

The limit on **non-concessional contributions** is a lot higher at \$150,000 pa. If you really want to cash inject your account balance and you're under 65 years, you can bring your non-concessional contributions forward three years and contribute \$450,000 in one financial year. However, using this strategy means you can't make any non-concessional contributions for the next two financial years.

Don't cross the line!

It's up to you to make sure you don't go over the different contribution limits. And, if you exceed the contribution caps, you're not going to be happy, Jan! Here's why.

Any amounts over the concessional contribution limit attract tax at 31.5% including the Medicare Levy. Plus, the excess amounts count towards your non-concessional cap for the year.

If you exceed your non-concessional contribution limit, you'll be taxed at 46.5% including the Medicare Levy.

So, as you can see, it pays to keep an eye on your contribution amounts each year.

Get help keeping tabs

If you'd like to make additional contributions, try this simple strategy. Ask your employer how much their compulsory and any additional contributions will total for the current financial year. You can then decide how much extra you want to contribute, based on the capped amounts for the different contribution types.

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What's included in the contributions?

Concessional contributions include all employer contributions (compulsory, additional and salary sacrifice) and personal contributions for which you've claimed a tax deduction.

Non-concessional contributions are all personal after-tax and spouse contributions.

In summary, here's how it works:



Super thesaurus

If the various super terms leave you running for the hills, you're not alone. Ironically, there are usually several words used in super which mean the same thing. To help you out, here are some terms (aka aliases) which are used to describe contribution types:

New term	Other/Previously used terms
Concessional Contributions	Salary sacrifice, pre-tax and before-tax contributions
Non-Concessional Contributions	Undeducted, post-tax and after-tax contributions



Co-contribution reminder

There might be limits to how much you can contribute to your super, but co-contribution amounts aren't included! So, if you're serious about boosting your super, the Government's co-contribution scheme might be right up your alley.

How does it work?

If you earn between \$31,920¹ pa and \$61,920¹ pa and make non-concessional (ie after-tax) contributions to your super, the Government will match you dollar for dollar, up to a maximum of \$1,000² pa.

The co-contribution amount you receive gradually reduces for every dollar you earn over the lower amount. However, it's a great way to practically double your money, without breaking a sweat. And, it's free!

Although you don't have to apply to receive the co-contribution, there are eligibility criteria. So, do yourself a favour and check out whether you qualify. Just click on "What's Hot?" from the home page of our website at www.walgsp.com.au

¹ From 1 July 2009 to 30 June 2010. ² From 1 July 2009 to 30 June 2012.

How can I make a contribution?

There are three easy payment options open to you:

- 1. BPAY®** – our Biller Code is 18622 and your BPAY® reference number can be obtained by logging onto the secure Member Log In area of our website or by calling us. **If you choose this payment option, you need to get your contribution in by 5.00pm, 28 June 2010.**
- 2. Cheque** – whether you deliver it personally or send it by snail mail, we'll need your cheque by **5.00pm, 30 June 2010.**
- 3. Employer arrangement** – talk to your boss about making non-concessional contributions. Again, we'll need your contribution by **5.00pm, 30 June 2010.**

If you're eligible for the co-contribution, the ATO will send us your payment after assessing your tax return for the financial year the contribution applies to. This doesn't usually happen until February or March of the following financial year.



Who are you? Who, who?

The words may have been immortalised by a famous sixties band. However, from the Fund's point of view, we need to be absolutely sure who you are. And, it's not because we're trying to be nosy.

Under super law, if you request a Benefit Withdrawal or decide to leave the Fund, we must be able to accurately identify that you are who you say you are. This is to prevent people illegally cashing in on your super – something which has recently become a real problem with scam artists!

So, if you decide to make a withdrawal or leave the Fund, there are certain forms of ID we need to get from you. These include **either**:

One of the following documents

- (a) Your driver's licence issued under State or Territory Law; or
- (b) Your passport.

OR

One of the following documents

- (a) Birth certificate or birth extract;
- (b) Citizenship Certificate issued by the Commonwealth; or
- (c) Pension Card issued by Centrelink that entitles the person to financial benefits.

AND

One of the following documents

- (a) Letter from Centrelink regarding a Government Assistance Payment; or
- (b) Notice issued by Commonwealth, State or Territory Government or Local Council within the past three months that contains your name and residential address. For example, Tax Office Notice of assessment or Rates Notice from Local Council.

Both forms of ID need to be certified, otherwise we can't process your request.

To have your ID certified, simply take both the original and a photocopy of your ID to any Australia Post Office or police station and ask them to certify the copy. Then send the certified copy to us.

How do we pay your super?

We usually pay you your super by cheque. Using this method, provides an additional level of security for you, as the cheque must be paid into an account with your name.


Unless prior arrangement has been made, we rarely pay using Electronic Funds Transfer (EFT). Since EFT doesn't require a validation of account name with account number, it's the easiest way to defraud you of your money.

So, please bear these points in mind, when you're requested for identification upon requesting a Benefit Withdrawal or exiting the Fund. Not only is it a legal requirement, it's also for your own protection.

FAQs

on switching and returns





We often receive queries from members about switching and how investment returns are consequently worked out. To fill in some of the gaps, here's a quick Q&A on how it works.

Q >> Can I change my investment strategy for future contributions and/or my existing balance?

Absolutely. You can invest your future contributions in one way and your account balance in another. For example, you might invest 100% of future contributions into Australian Listed Equities. However, with your existing balance, you might decide to invest 50% in Global Listed Equities and 50% in Bonds and Yield. You can also change your future contributions strategy online via the secure Member Login area.

Q >> When does my switch become effective?

All switches are effective as at the date you nominate or five days after receipt of your request, whichever is later.

Q >> How do I know the interest has been allocated?

If you haven't made any switches in a given month, the investment return will always be dated the last day of the month. The transaction occurs after the 20th of the following month, once we have all fund manager rates. However, it is effective for the entire month.

If you have made a switch during a given month, there will be two allocations. The first will be on the date that the switch became effective and will show the investment return earned up until that date.

The second will be on the last day of the month, which will show the amount allocated on your new investment option between the date the switch was effective and the end of the month.

Q >> Where can I find the declared interest rate?

You can check out the declared interest rate for each investment option on our website www.walgsp.com.au by clicking on Investments, then Plan Performance. More details are provided within the secure Member Login area. Alternatively, call our Member Services Consultants on (08) 9480 3500 or 1800 630 524 (country WA).

Fund update

Performance to 31 December 2009

2009 was definitely a year of ups and downs. In fact, it was one of the most volatile calendar years in Australian share market history! Happily, while things are still a little shaky, it looks like markets are getting back on track. Find out what went on and where we're heading.

For the past year, global economies have been fighting to kick-start growth levels. Governments have implemented stimulus packages, cut interest rates and loosened monetary policy. And, by the end of the year, it looked like all these measures were starting to pay off.

Data showed that economic growth in the US, Japan, Australia and Europe all rebounded in the third quarter, while the UK declined by only 0.2%. Uncertainty about global financial markets was still a major cause of concern during the three months to 31 December 2009. The other big impact on global markets was the worry over Dubai's sovereign debt. This quickly brought Greece, Spain, Ireland and Mexico under the microscope for the same problem.

In Australia, volatility reigned supreme, with the market (+38%) finishing the year 50% higher than the lows witnessed in March. The US (+19%), Germany (+24%) and Japan (+19%) also ended the year positively. However, the place to be was in the emerging markets of China, Russia, Argentina and Sri Lanka – all of which doubled performance by year end.

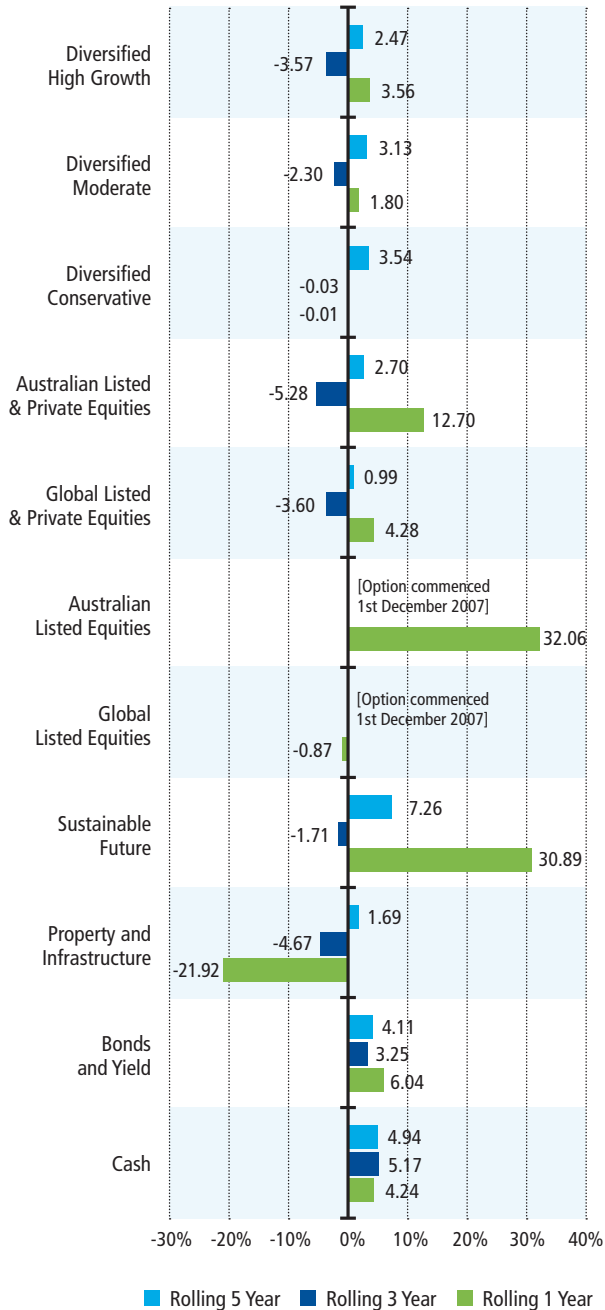
Looking ahead, government spending and relaxed monetary policy are likely to continue, until signs of consistently stronger recovery start showing. Sovereign risk and government debt levels are also expected to be a driving factor for global markets. In summary, expect a bit more nervousness in financial markets for the near term.

Source: CPG Research and Advisory ("CPG"). In compiling this market review, CPG has relied on data and information provided by third parties. Although reasonable care has been taken to produce this review, CPG will not accept any liability for any loss, direct or indirect, resulting from reliance on information in this review.

Past investment performance does not necessarily reflect future investment performance.



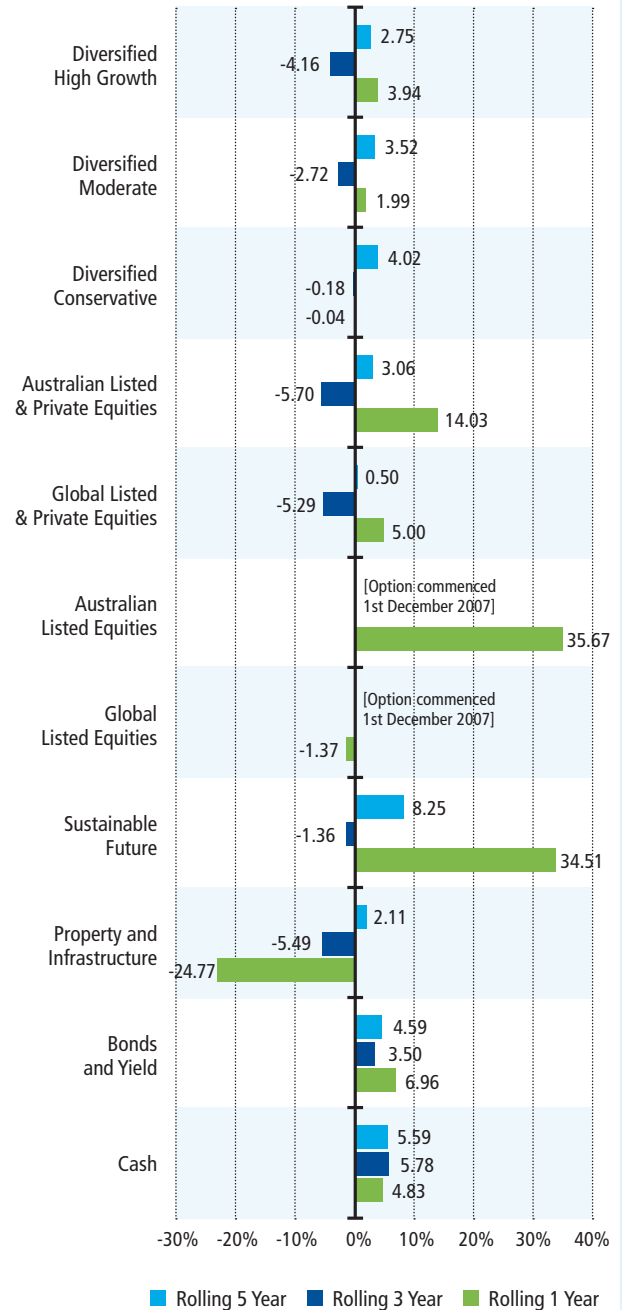
Superannuation Accounts Performance to 31 December 2009



Performance rates contained in the graphs above are the Funds "Declared Rates". Members who have payments from the Fund will have a mixture of "Declared" and "Interim" rates applied to their payment.

Please refer to the Product Disclosure Statement or contact the Fund for additional information.

Retirement Solutions - Income Stream Performance to 31 December 2009



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