

Supplementary Product Disclosure Statement

Date of Issue July 2007



Things you should know...

ON **1 July 2007** the Federal Government's *Simplified Superannuation* legislation comes into effect – marking the most significant change to Australia's superannuation system in fifteen years.

Better Super will affect the way you can *deposit money into* superannuation (**Contributions**) and *remove money from* your superannuation (**Benefit Payments**).

CONTRIBUTIONS

BETTER Super changes will affect the way contributions are made to your super.

CONCESSIONAL contributions, previously known as deductible or taxable contributions, will be capped at \$50,000 per individual per financial year. Indexing will apply.

These *concessional contributions* include:

- Employer contributions (including payments made by the ATO)
- Deductible contributions made by the Self-Employed and
- Salary Sacrifice contributions.

Any *concessional contributions* in excess of the cap in a financial year will be taxed at an additional 31.5% on top of the current 15% tax on contributions. You can pay this tax out of your own pocket or withdraw it from your superannuation account. The amount of contributions in excess of the cap will also count towards the non-concessional contributions cap.

Note: In the financial years commencing on 1 July 2007 and ending on 30 June 2012, a transitional cap of \$100,000 per individual will apply for people aged 50 or over during that period. This amount will not be indexed.

NON-CONCESSIONAL contributions, previously known as personal or after-tax contributions, will be capped at three times the *concessional contributions* cap and will initially be \$150,000. They will not be indexed.

These *non-concessional contributions* include:

- Member personal contributions;
- Spouse contributions; and
- Excess concessional contributions.

Any *non-concessional contributions* in excess of the cap will be taxed at 46.5%. This tax must be taken from your superannuation account.

Note: Those aged under 65 can bring forward two years of future entitlements giving them a cap of \$450,000 over three years.

TAX FILE NUMBERS (TFN) Failure to supply QIEC Super with your TFN means:

- The Fund cannot accept any *non-concessional contributions*
- *Concessional contributions* will be taxed at 46.5% (including the current 15% contributions tax)
- Benefits paid to you will be taxed at 46.5% on the taxable component.

If you do not have a TFN contact the Australian Tax Office on 13 10 20.

Any extra tax paid due to no TFN will be repaid if a valid TFN is provided within 4 years.

SELF-EMPLOYED people can claim a full tax deduction for contributions made before age 75 and are now entitled to make use of the Government's co-contribution incentive.

EMPLOYERS can claim a full tax deduction for contributions to superannuation on behalf of employees up to 75.

This Supplementary Product Disclosure Statement (SPDS) supplements Part A of the Product Disclosure Statement (2006 QIEC Super Combined Annual Report & Member Handbook) and updates the information provided on Pages 18 and 19 of this document, with relevant changes effective 1 July 2007.

This SPDS dated July 2007 is issued by QIEC Super Pty Ltd (ACN 010 897 480), the Trustee of QIEC Super. It must be read in conjunction with Part A, B and C of the Product Disclosure Statement.

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BENEFIT PAYMENTS

BETTER Super changes will also affect the way money you take out of your superannuation is taxed.

Benefits paid from a taxed superannuation fund will be tax-free after age 60 whether paid as a lump sum or pension.

Benefits paid from a taxed superannuation fund to a person aged under 60 will be comprised of:

- A tax-free component; and
- A taxable component.

The following table summarises the taxation of benefits (lump sum and income stream) paid from a taxed superannuation fund from 1 July 2007.

Age	Lump Sum (taxable component)	Income stream (taxable component)
60+	Tax Free	Tax Free
Preservation age to 59	Tax Free up to "low rate cap" (\$140,000 - indexed) Above "cap" taxed at 15% plus Medicare Levy	Marginal tax rates and 15% tax offset
Below Preservation Age	20% tax plus Medicare Levy	Marginal tax rates and no offset except for disability

Note: The tax-free component is always tax-free

REASONABLE BENEFIT LIMITS (RBLs) have been removed as from 1 July 2007. This means there will no longer be an excessive component in a benefit payment and there will be tax relief for those with large account balances.

FLEXIBLE INCOME STREAMS Payments from income streams will be tax free for those 60 and over and no tax will be payable on the investment earnings of their income stream. Tax for those under 60 may reduce.

SUPER CHECKLIST

Did you know?

- Super Benefits are now tax free from age 60
- Penalties apply for not providing your TFN
- You can keep your money in your super fund after retirement
- Caps on Concessional Contributions could affect salary packaging
- Excess Concessional Contributions are taxed at an extra 31.5% over the standard 15%
- Excess Non-Concessional Contributions are taxed at 46.5%
- Excess Concessional Contributions are added to your Non-Concessional Contributions cap
- Self-employed persons can claim a full tax deduction on contributions up to age 75

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