

General Manager
Superannuation, Retirement and Savings Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

A PLAN TO SIMPLIFY AND STREAMLINE SUPERANNUATION

Thank you for your invitation to comment on proposals announced in the recent Federal budget to simplify and streamline superannuation.

The Government Employees Superannuation Board (GESB) manages superannuation arrangements for over 270,000 current and former State public sector workers in Western Australia.

GESB's membership base as at 30 June 2006 comprised:

- A closed pension scheme, with 438 active members and 10,050 pension recipients.
- A closed defined benefit lump sum scheme, Gold State Super, with 22,609 active members and 35,130 members with deferred benefits.
- An open accumulation scheme, West State Super, with 105,708 active members and 136,750 inactive members. Active members of the pension scheme and Gold State Super are eligible to make voluntary personal contributions to West State Super.
- Three open 'retirement schemes' with 1,968 members.

GESB also administers the closed WA Parliamentary Pension Scheme on behalf of the Parliamentary Superannuation Board and an open non-contributory pension scheme for members of the WA judiciary.

The retirement schemes are taxed, whereas the other schemes are all untaxed.

GESB supports the Commonwealth's proposals to simplify the superannuation system and provide further tax concessions to encourage and assist workers to self-fund their retirement. However, it is concerned that members of its untaxed schemes appear to be disadvantaged in comparison to members of taxed schemes. In addition, there are areas in which GESB considers administration of the proposed arrangements can be improved.

Enclosed at Appendix 1 is a detailed submission outlining GESB's key concerns regarding impacts on WA State public sector worker, Members of Parliament and the judiciary, together with suggested changes that it believes will rectify these concerns while ensuring that the policy intent of the Commonwealth changes is maintained. Also enclosed (Appendix 2) is a more detailed description of GESB's membership base.

I trust that you find GESB's submission of assistance. If you wish to discuss any issues raised, please contact Michelle Ahearn (08 92634202) or Peter Patroni (08 92634343).

In concluding, I would like to thank you for providing the opportunity for GESB to personally discuss the proposals with Treasury officials during their recent visit to Perth.

Yours sincerely

MICHELE DOLIN
CHIEF EXECUTIVE OFFICER

9 August 2006

A PLAN TO SIMPLIFY AND STREAMLINE SUPERANNUATION

SUBMISSION OF GOVERNMENT EMPLOYEES SUPERANNUATION BOARD (GESB)

Issues for Comment:

1. \$700,000 limit on concessional tax for benefits paid from untaxed funds.
2. Limits on acceptance of undeducted contributions.
3. Limits on concessional tax on deductible contributions.
4. Limits on accepting contributions if tax file number (TFN) not supplied.
5. Crystallise Pre July 1983 component and change to exempt component.
6. Tax offset on pensions paid from untaxed funds.
7. Application of Medicare Levy (1.5%) to benefit payments.
8. Removal of RBL's - Impact on members with Term Allocated Pensions (TAP's).
9. Contributions for over 70's.
10. Taxation of death benefits.

(1)

Proposal	\$700,000 limit on concessional tax for benefits paid from untaxed funds
	Post June 1983 untaxed components of benefits paid from untaxed funds that are in excess of \$700,000 will be taxed at the top marginal tax rate of 46.5% (inc: medicare levy).
Reason	It appears that the \$700,000 limit is proposed for untaxed schemes as an alternative to the \$50,000 limit on deductible contributions that applies to members of taxed schemes.
Issues	<p>The \$700,000 limit does not apply to members of taxed schemes and operates as a quasi lump sum RBL for members of untaxed schemes, which results in inequitable outcomes between untaxed and taxed scheme members.</p> <p>Nearly 200 members of the GESB untaxed schemes already exceed this limit and may be forced to retire or resign prior to 1 July 2007 to avoid significant penalty tax. ie. there is no option under the rules of Gold State Super to convert any benefit in excess of \$700,000 to a pension.</p> <p>For example, a member with a post June 1983 untaxed element of \$900,000 would pay additional excessive tax of \$60,000. Under the current rules, the member could utilise the higher Pension RBL by applying at least 50% of their benefit towards purchasing a GESB or external complying pension product.</p> <p>Many of these members are longstanding public sector employees who have been promoted to senior positions within the service. The loss of key personnel would have a significant impact and goes against the general Commonwealth and State Government policies of encouraging mature age employees (particularly those with specialised skills and experience) to remain in the workforce.</p> <p>There are also significant impacts for Members of Parliament who under the current rules may be able to utilise a Pension RBL and also access a lump sum in excess of \$700,000.</p>
Proposed Solution	<p>Options we suggest to resolve this issue could include the following :</p> <ol style="list-style-type: none"> 1. Amend the \$700,000 limit to the Pension RBL limit (currently \$1,356,291) and index the amount with AWOTE. 2. Remove the \$700,000 limit for defined benefit exempt public sector superannuation schemes, subject to there being no discretionary enhancements to scheme benefits and ongoing certifications from an actuary to that effect; and 3. Remove the \$700,000 limit for untaxed accumulation style schemes (such as West State Super), subject to amendment of the governing rules of that scheme to limit pre-tax employer contributions to that applicable in taxed schemes (ie \$50,000 with \$100,000 transitional arrangements). The Commonwealth would legislate to provide that pre-tax amounts paid to untaxed accumulation schemes are counted in establishing whether the person exceeds the threshold for deductible contributions.

Options (2) and (3) are preferred by GESB as they ensure persons under current arrangements in its closed defined benefit schemes are not worse off under the new arrangements. These schemes have been closed to new members for at least 10 years and the member profile is largely 45 years or over. The scheme rules of these closed schemes do not provide an opportunity for the payment of excessive pre-tax contributions.

Option (3) also ensures a level playing field in the treatment of untaxed schemes and taxed schemes.

**Administrative
Issues re proposed
solution**

If options (2) and (3) were adopted, untaxed accumulation schemes would report pre-tax contributions to the Commonwealth for 'counting' towards the member's deductible contribution threshold.

No reporting of employer notional contributions to untaxed defined benefit schemes would be required, subject to ongoing actuarial certifications that scheme benefits have not been enhanced.

(2)

Proposal	Limits on acceptance of undeducted contributions
	<p>Undeducted contributions are to be limited to \$150,000 per year (administered as an average of \$450,000 over a 3 year period).</p> <p>Excess contributions and earnings are to be refunded to the member with tax applied to the earnings at the highest marginal rate (46.5%). ATO to determine excess and superannuation funds will be responsible for refunding the excess and calculating and applying the higher tax rate.</p>
Reason	<p>The generous tax concessions on superannuation earnings would encourage high-wealth individuals to pay excessive undeducted contributions to avoid tax.</p>
Issues	<p>Too administratively complex.</p> <ul style="list-style-type: none"> - Averaging is more difficult for individuals and funds to administer, particularly if work test needs to be applied for contribution eligibility. - Calculation of earnings on 'excess' difficult for funds to administer. - May be difficult to manage impact of co-contributions and transfers from overseas funds. <p>There is no proposal to index the \$150,000 threshold, which means that there will be a reduction in its real value over time.</p>
Proposed Solution	<p>The proposed solutions are mainly to address the current administrative complexity that GESB sees with the current proposal:</p> <ol style="list-style-type: none"> 1. Suggest either remove averaging option or apply work test only in the year in which the contribution is made. 2. Preferred solution is for ATO to tax member directly for excess undeducted contributions using their aggregated reporting from super funds. 3. Suggest that excess undeducted contributions be retained by the fund and instead the ATO apply a penalty tax of say 20% direct to the member - this would act as a suitable deterrent whilst providing for easier administration. Member could authorise the fund to deduct the penalty tax from their Super account. <p>The \$150,000 threshold should be indexed with AWOTE (rounded to nearest \$1,000) to maintain relative real value.</p> <p>Government co-contributions and undeducted contributions from overseas funds should be excluded from the limit.</p>
Administrative Issues	<p>Administrative impact can be minimised for funds if the ATO – who need to do the initial assessment – deal directly with the member.</p>

(3)

Proposal	Limits on concessional tax on deductible contributions
	<i>Note: This limit does not compulsorily apply to untaxed schemes.</i>
	The 15% contributions tax on deductible (pre-tax) contributions is to be limited to \$50,000 per year, with the top marginal rate (45%) to be applied to amounts in excess of this threshold. The ATO is to determine the excess.
	Transitional arrangements apply so that for persons 50 years and over, a \$100,000 limit will apply until 2001/12.
Reason	To prevent excessive pre-tax contributions to superannuation.
Issues	<ol style="list-style-type: none"> 1. Threshold is too low for those 50 and over. Because of mortgage and family commitments, most people can only afford to boost their super at later ages. 2. Some members, particularly in defined benefit schemes, already exceed the threshold and may have little or no means to reduce the employer contribution. 3. Difficult to assess for defined benefit schemes. In addition, there is no accumulation account from which to deduct excess tax. Funds would need to revise benefits or set up a debt account, which would require additional administrative complexity 4. There is no proposal to index the \$50,000 threshold, which means that there will be a reduction in its real value over time.
Proposed Solutions	<ol style="list-style-type: none"> 1. Maintain threshold at \$100,000 for members age 50 and over. 2. For closed taxed defined benefit schemes where notional employer contribution exceeds \$50,000, allow higher employer contribution level subject to no further scheme benefit enhancements. 3. Adopt a simpler formula for notional contributions to open defined benefit schemes than that used for Surcharge. 4. Limit should be indexed with AWOTE to maintain relative real value.

(4)

Proposal	Limits on accepting contributions if tax file number (TFN) not supplied
	<p>If a member does not supply their TFN to their Superfund:</p> <ol style="list-style-type: none"> 1. The fund must <u>not</u> accept any undeducted contributions. 2. Deductible contributions in excess of \$1,000 are taxable at the top marginal tax rate. 3.
Reason	<p>The Commonwealth needs TFN information to identify members and accurately assess whether the thresholds for deductible contributions and undeducted contributions have been exceeded (and to therefore apply penalty rates of tax).</p>
Issues	<p>Extremely difficult to administer given that TFN information is not compulsory to supply to SuperFunds until benefit payment occurs.</p> <p>Most funds currently have a significant number of members who have not supplied a TFN. Difficult to get high compliance by 1 July 2007. This is likely to cause significant administrative problems and disruption.</p> <p>Employers with members in GESB's defined benefit schemes have a statutory requirement to remit undeducted contributions, and in some cases employer contributions, to GESB for continued membership and insurance, and GESB must accept the contributions.</p> <p>The deductible contribution limit of \$1,000 is too low, given the primary purpose is to identify significant non-compliance with deductible contribution limits.</p>
Proposed Solutions	<p>Compel employers to provide TFN to Superfund unless there is a positive direction from the member not to supply TFN.</p> <p>Allow funds to accept undeducted contributions and deductible contributions, irrespective of whether TFN supplied. ATO can do 'soft-matching' and therefore in a better position to identify whether member has a TFN.</p> <p>If the member's TFN cannot be identified then tax is to be applied to both deductible contributions and undeducted contributions at top marginal rate. ATO to issue notice to SuperFund.</p> <p>For both undeducted and employer contributions to untaxed defined benefit schemes, if the member's TFN cannot be identified, then no action is proposed as these amounts are pre-determined by the scheme rules.</p> <p>Increase the deductible contribution limit to \$10,000 to remove necessity for large administrative impact of minor non-compliance.</p>

(5)

Proposal	<p>Crystallise Pre July 1983 component and change to exempt component.</p> <p>The pre-July 1983 component of benefits is to be calculated at a pre-determined date. The amount calculated will become a fixed non-taxable exempt component.</p>
Reason	Reduce complexity by reducing the number of tax components of an ETP.
Issues	<p>Members of Gold State Super with pre July 1983 service are entitled to utilise their pre July 1983 component by paying ongoing voluntary pre-tax contributions or post-tax (undeducted) contributions to West State Super and rolling these amounts together at point of retirement.</p> <p>Crystallising the pre-1983 component at a fixed date and fixed value means that these members will pay a higher tax.</p> <p>The pre July 1983 calculation must operate at a fund (rather than scheme) level, otherwise the change will be detrimental to current members.</p> <p>Members may also be restricted until retirement from consolidating superannuation benefits currently held in another superannuation fund – which currently can be combined at retirement to reduce the overall tax liability. The proposed arrangements will disadvantage these members.</p>
Proposed Solution	<ol style="list-style-type: none"> 1. Allow benefits in different schemes within the one fund to be 'rolled up' for the purpose of calculating the fixed pre July 1983 amount. 2. Allow members with non-portable benefits in another fund which have an ESP start date earlier than 1 July 1983 to get a 'notification' from the other fund and then allow the earlier ESP start date to apply in determining the fixed pre July 1983 component in their current fund, or alternatively, allow an ongoing right for members to roll over amounts from another SuperFund with pre-July 1983 service and have the exempt component recalculated.

(6)

Proposal	Tax offset on pensions paid from untaxed funds
	A tax offset of 10% to apply to pensions taken from an untaxed scheme after age 60. The pension received is still included in the person's assessable income and taxable at marginal rates.
Reason	To provide an equivalent tax concession to that provided to members of taxed pension schemes, in which the pension is tax free and also not included as part of the person's taxable income.
Issues	<p>It is assumed that the 10% tax offset proposed for members of untaxed schemes provides parity with the tax free pension provided to members of taxed schemes?</p> <p>Seems inequitable that pensions from untaxed schemes will be counted as assessable income, whereas pensions from taxed schemes will not.</p>
Proposed Solution	To allow pensions from untaxed schemes not to be deemed as part of a person's other assessable income. Instead, the pension income is to be treated separately for income tax purposes.

(7)

Proposal	Application of Medicare Levy (1.5%) to benefit payments
	It is proposed to retain the medicare levy of 1.5% to all benefit payments made direct to members (where tax is payable).
Reason	No specific reason, except that it maintains the current arrangements in relation to benefit payments.
Issues	<p>For members of taxed schemes age 60 and over, the medicare levy is effectively abolished as there is no benefits tax. However, for members of untaxed schemes who are subject to the 15% benefits tax (in lieu of the 15% contributions tax), the medicare levy will continue to apply.</p> <p>This results in inequitable treatment between members of untaxed and taxed funds.</p>
Proposed Solution	Remove the medicare levy on direct benefit payments from untaxed funds to members who are age 60 or over.

(8)

Proposal	<p>Removal of RBL's - Impact on members with Term Allocated Pensions (TAP's)</p> <p>Although RBL's are to be abolished, there is no proposal for members who are 'locked into' TAP's to be able to roll their monies to the more flexible standard income stream.</p>
Reason	No specific reason given.
Issues	<p>TAPs are a recent product with few members. The budget proposals mean that TAPs will no longer be a sought after retirement product for members with high benefits. As such funds will not have membership 'scale' to keep these funds viable. GESB's TAP scheme has only 35 members.</p> <p>Allowing these members to roll to an income stream under the new rules would provide more simplicity for funds and flexibility for members.</p>
Proposed Solution	Allow members of TAPs to transfer their benefits to a standard income stream proposed in the Federal budget.

(9)

Proposal	Contributions for over 70's
	It is proposed that employer contributions made on behalf of individuals age 70 to 75 will be fully tax deductible.
Reason	Extension of tax deduction provides simplification following removal of age-based limits
Issues	Currently contributions for this age group can only be made by the employer if mandated in an industrial agreement. This means that voluntary (salary sacrifice) cannot generally be made after age 70.
Proposed Solution	<p>Suggest that, in line with the extension of full deductibility for the employer, restrictions on employer contributions be removed so that voluntary employer contributions can be made up until age 75.</p> <p>This change would recognise the fact that persons are remaining in the workforce longer and encourages them to accumulate further tax-effective savings for retirement.</p>

CORRECTION TO PAGE 14 OF GESB SUBMISSION

Appendix 1 (cont'd)

(10)

<p>Proposal</p>	<p>Taxation of death benefits</p> <p>All lump sum death benefits to be tax free if paid to a dependant.</p> <p>Reversionary pension cannot be paid to a non-dependant. Instead, it would have to be paid as a lump sum and, if paid from an untaxed fund, taxed as if the non-dependant was aged under 55 (ie 30% up to \$700,000 threshold and top marginal rate thereafter).</p> <p>Reversionary pensions paid to a dependant are to be taxed at the recipient's marginal tax rate. If the member was age 60 or over at the date of death, then the 10% offset will apply immediately. If the member was under age 60 at the date of death, then the reversionary will obtain the tax offset if they are age 60 or attain age 60.</p>
<p>Reason</p>	<p>Provide parity with revised tax rates to retirees if the beneficiary is a dependant. Higher rates apply if the beneficiary is a non-dependant.</p>
<p>Issues</p>	<ol style="list-style-type: none"> 1. Retirement benefits paid from a taxed scheme on and after age 60 are tax-free, and can be distributed to a non-dependant. Seems inequitable to apply a tax if payment arises upon death and is paid to a non-dependant. Persons could adopt a 're-contribution' strategy to avoid the tax. 2. The \$700,000 threshold on lump sum tax if the benefit paid to non-dependant from an untaxed scheme is excessive and unfair in comparison to treatment of taxed schemes. It should be removed (in line with proposal for item1). 3. <u>Definition of "Dependant"</u>. In the closed Parliamentary and GESB pension schemes, reversionary benefits upon death are payable to dependants, which under the governing statutes can include a spouse or de-facto partner (including a same sex partner). Further, a child allowance is payable for children of a deceased member up until age 25 if they continue full-time studies. The definition of 'dependant' under the proposed Commonwealth legislation will therefore not apply to all of these persons in all circumstances, resulting in a loss of current 'rights' to existing members and their beneficiaries. 4. GESB allows payment of funeral expenses directly from a lump sum death benefit. Liability for this cost may be to a non-dependant.
<p>Proposed Solution</p>	<ol style="list-style-type: none"> 1. Allow death benefits paid to a non-dependant to also be tax free, if the member is age 60 or over at the date of their death. 2. If tax is applied to lump sum payments to non-dependants, remove the \$700,000 threshold proposed for concessional tax. 3. Allow the definition of 'dependant' under existing statutory schemes to be recognised for determining eligibility for reversionary pensions and associated child allowances. 4. Allow funeral costs to be paid tax free from the deceased's benefit.

Summary of Scheme Details

Name of Scheme	Pension Scheme
Type of Scheme	Defined Benefit.
Scheme Status	Closed to new members on 14/8/1986
Number of Members (at 30 June 2006)	438 contributors 10 050 pension recipients
Fund assets	<ul style="list-style-type: none"> • Liability for funded benefits \$124.4 million (unaudited at 31 May 2006) • Liability for unfunded benefits \$2.37 billion (at 30 June 2005).
Taxation Status	Untaxed Fund Pension payments are subject to PAYG tax and not concessional tax (unlike taxed pension schemes).
Level of Employee Contributions	Members are able to nominate a retirement age of either 60 or 65 years, which determines their level of contributions. Members can vary the number of units for which they contribute. The maximum number of units for which a member may contribute is based on their salary.
Level of Employer Contributions	State Share of Pension (maximum of 50% of final salary) payable by employer or State at the time the pension is being paid.
Inward Portability	Not applicable.
Outward Portability	Fund share of pension (about 10%) commutable and portable.
Resignation Benefit	Benefit payable on resignation, dismissal or voluntary withdrawal from the Pension Scheme is a refund of personal contributions together with interest plus an SG benefit.
Redundancy Benefit	There are 3 options available for contributors of the Pension Scheme who have accepted redundancy on or after 12 June 1995. <ol style="list-style-type: none"> 1. A refund of personal contributions together with interest, plus an employer-financed State subsidy of 2.5 times primary unit contributions. 2. Transfer to Gold State Super. 3. A preserved pension which is calculated at the time of redundancy, payable at retirement.
Retirement Benefits	A lifetime pension paid fortnightly is payable on retirement any time after age 55 years, set at approximately 45 per cent of the member's salary at the date of retirement up to a maximum pension of approximately 60 per cent of final salary. Pensions are adjusted each April and October in line with any increases in the Consumer Price Index (Perth).
Death & Disability Benefit	A pension is payable if a member dies or ceases work due to a permanent disability, prior to their nominated retiring age.
Death & Invalidity Charges	No direct Insurance fees. Premiums are incorporated into the fortnightly contribution amount.

Administration Charges	No administration fees.
Investment Options	No investment options.

Summary of Scheme Details

Name of Scheme	Gold State Super
Type of Scheme	Defined benefit lump sum scheme
Scheme Status	Closed to new members on 30/12/1995
Number of Members (at 30 June 2006)	Active 22 609 Deferred 35 130 Total 57 739
Fund assets	<ul style="list-style-type: none"> • Liability for funded benefits \$2.3 billion (unaudited at 31 May 2006) • Liability for unfunded benefits \$2.63 billion (at 30 June 2005).
Taxation Status	Untaxed Scheme
Level of Employee Contributions	3 – 7%, the maximum average contribution is 5%.
Level of Employer Contributions	Notional employer contributions are \$2.40 for every \$1 member contributes. (ie: 12% based on member contribution of 5%). For about 60% of agencies, the Government funds employer share at retirement.
Inward Portability	No, but member can roll benefits into West State Super.
Outward Portability	Gold State Super scheme allows portability, however on strict conditions, such as redundancy. The benefit transferred is the current dollar value of the benefit, which is a discount on the notional defined retirement benefit.
Resignation Benefit	Accrued Benefit is preserved in the GES Fund and indexed annually at a salary growth factor equivalent to the Consumer Price Index plus 1%.
Redundancy Benefit	Accrued Benefit.
Retirement Benefits	Accrued Benefit.
Death & Disability Benefit	Accrued Benefit plus Insured Benefit. Insured Benefit is based on notional future benefit to age 60. Partial and Permanent Disability benefit are also payable.
Death & Invalidity Charges	No direct Insurance fees. Premiums are incorporated into the fortnightly contribution amount.
Administration Charges	No direct administration fees.
Investment Options	n/a.

Summary of Scheme Details

Name of Scheme	West State Super						
Type of Scheme	Accumulation style with defined benefit insurance.						
Scheme Status	Open						
Number of Members (as at 30 June 2006)	<table> <tr> <td>Active</td> <td>105 708</td> </tr> <tr> <td>Inactive</td> <td>136 750</td> </tr> <tr> <td><u>Total</u></td> <td><u>242 458</u></td> </tr> </table>	Active	105 708	Inactive	136 750	<u>Total</u>	<u>242 458</u>
Active	105 708						
Inactive	136 750						
<u>Total</u>	<u>242 458</u>						
Fund assets	<ul style="list-style-type: none"> Liability for funded benefits \$3.915 billion (unaudited at 31 May 2006) Liability for unfunded benefits \$566 million (at 30 June 2005). 						
Taxation Status	Untaxed Scheme						
Level of Employee Contributions	Unlimited voluntary contributions.						
Level of Employer Contributions	9%						
Inward Portability	Yes.						
Outward Portability	Yes.						
Resignation Benefit	The higher of: an Accrued Benefit or Guaranteed Benefit.						
Redundancy Benefit	Same as Resignation Benefit.						
Retirement Benefits	Same as Resignation Benefit.						
Death & Disability Benefit	Resignation Benefit plus Insured Benefit (Insured Benefit = future service to age 60 <u>times</u> 9% <u>times</u> the member's Average Final Salary).						
Death & Invalidity Charges	<ul style="list-style-type: none"> Insurance fees are charged to recoup the cost of providing insurance cover to members. Monthly premiums have been set according to the member's age, gender, remuneration and employer contribution rate. Insurance fees are charged to accounts that have received employer contributions in that month. 						
Administration Charges	<ul style="list-style-type: none"> Account Keeping Fees = \$5.00 per month. Administration Expense Ratio = $\text{account balance} \times \frac{\text{number of days in the month}}{365} \times 0.1\%$ to a maximum of \$150 per year. Management Expense Ratio = per annum basis as a percentage of the value of the Fund and is deducted before the unit price is calculated. 						
Investment Options	There are 5 investment plans to choose from: Growth Plan, Balanced Plan, Conservative Plan, Cash Plan and Mix Your Plan (MY Plan).						

Summary of Scheme Details

Name of Scheme	Judges Pension Scheme
Type of Scheme	Defined benefit pension scheme
Scheme Status	Open
Number of Members (as at 30 June 2006)	Active members 53 Pension recipients 41
Fund assets	Nil
Taxation Status	Untaxed Scheme
Level of Employee Contributions	Nil
Level of Employer Contributions	Pension payments met by State at retirement.
Inward Portability	n/a
Outward Portability	Yes, with resignation benefit.
Resignation Benefit	SG lump sum benefit.
Redundancy Benefit	N/A
Retirement Benefits	Indexed pension ranging from 50% of salary to 60% of salary payable once the Judge has attained 10 years service and has attained age 60 years.
Death & Disability Benefit	Spouse pension of 2/3rds of member's pension entitlement.
Death & Invalidity Charges	Nil
Administration Charges	Nil
Investment Options	N/A

Summary of Scheme Details

Name of Scheme	Retirement Access
Type of Scheme	Draw down facility - for Gold State and West State Members and former members and their partners of these two schemes.
Scheme Status	Open
Number of Members (at 30 June 2006)	1,322
Fund assets (unaudited balances as at 30 June 2006)	\$220.2 million
Taxation Status	<ul style="list-style-type: none"> • Taxed scheme • Lump sum withdrawals are taxed as an Eligible Termination Payment from a taxed source.
Level of Employee Contributions	Unlimited contributions.
Level of Employer Contributions	Retirement Access is a retirement scheme. There are no employer contributions.
Inward Portability	All GESB members (except reversionary Pension Scheme members), former members and their partners are eligible to roll their benefits into Retirement Access.
Outward Portability	Members of Retirement Access are permitted to withdraw their benefit to another superannuation or financial institution.
Administration Charges	<ul style="list-style-type: none"> • Administration fees are set at 0.7% of the members account balance, plus an MER which varies depending on the investment option chosen. • The total administration fee (including MER) is capped at 1.2% of assets per year.
Investment Options	There are 5 investment plans to choose from: Growth Plan, Balanced Plan, Conservative Plan, Cash Plan and Mix Your Plan (MY Plan).

Summary of Scheme Details

Name of Scheme	Retirement Income – Allocated Pension
Type of Scheme	Allocated Pension Income stream product
Scheme Status	Open
Number of Members (as at 30 June 2006)	613
Fund assets (unaudited balances as at 30 June 2006)	\$146.8 million
Taxation Status of Fund and Benefits	<ul style="list-style-type: none"> • Taxed scheme • Regular pension payments are taxed as income. • Lump sum withdrawals are taxed as an Eligible Termination Payment from a taxed source. • Investment income is not taxed.
Level of Employee Contributions	GESB's Allocated Pension is a retirement income scheme. There are no provisions to top-up with additional contributions after the commencement of the pension.
Level of Employer Contributions	GESB's Allocated Pension is a retirement scheme. There are no employer contributions.
Inward Portability	<ul style="list-style-type: none"> • All GESB members (except reversionary Pension Scheme members), former members and their partners are eligible to roll their benefits into GESB's Allocated Pension • There are no provisions to roll in from other funds once the pension has commenced.
Outward Portability	Allocated Pensioners are permitted to withdraw their benefit and rollover to another superannuation or financial institution.
Administration Charges	<ul style="list-style-type: none"> • Administration fees are set at 0.7% of the members account balance, plus an MER which varies depending on the investment option chosen. • The total administration fee (including MER) is capped at 1.2% of assets per year.
Investment Options	There are 5 investment plans to choose from: Growth Plan, Balanced Plan, Conservative Plan, Cash Plan and Mix Your Plan (MY Plan).

Summary of Scheme Details

Name of Scheme	Retirement Income - TAP
Type of Scheme	Term Allocated Pension income stream product.
Scheme Status	Open
Number of Members (at 30 June 2006)	33
Fund assets (unaudited balances as at 30 June 2006)	\$4.78 million
Taxation Status of Fund and Benefits	<ul style="list-style-type: none"> • Taxed scheme • Regular pension payments are taxed as income. • Lump sum withdrawals are permitted in specified circumstances only. • Investment income is not taxed.
Level of Employee Contributions	GESB's Allocated Pension is a retirement income scheme. There are no provisions to top-up with additional contributions after the commencement of the pension.
Level of Employer Contributions	GESB's Term Allocated Pension is a retirement scheme. There are no employer contributions.
Inward Portability	<ul style="list-style-type: none"> • All GESB members (except reversionary Pension Scheme members), former members and their partners are eligible to roll their benefits into GESB's Term Allocated Pension • There are no provisions to roll in from other funds once the pension has commenced.
Outward Portability	Term Allocated Pensioners are permitted to withdraw their benefit and rollover to another superannuation or financial institution.
Administration Charges	<ul style="list-style-type: none"> • Administration fees are set at 0.7% of the members account balance, plus an MER which varies depending on the investment option chosen. • The total administration fee (including MER) is capped at 1.2% of assets per year.
Investment Options	There are 5 investment plans to choose from: Growth Plan, Balanced Plan, Conservative Plan, Cash Plan and Mix Your Plan (MY Plan).