

## Additional information

# North Personal Superannuation and Pension

Effective 1 July 2009



The following information is referred to in the North Personal Superannuation and Personal Pension Product Disclosure Statement – Part A (PDS Part A). Where PDS Part A refers you to [north.axa.com.au/productinfo](http://north.axa.com.au/productinfo), that information will be found here.

The Trustee and issuer of this additional information is N.M. Superannuation Proprietary Limited ABN 31 008 428 322, AFS Licence No. 234654, a member of the Global AXA Group.

This document provides additional information to PDS Part A and should be read in conjunction with the current PDS Part A. A hard copy of this document can be provided to you free of charge by contacting the North Service Centre on 1800 667 841.

## Contributions

### Types of contributions you can make to your North Personal Superannuation

The following table illustrates the type of contributions you can make to your North Personal Superannuation account.

Your age?	Types of contributions that can be made
Under 65	<ul style="list-style-type: none"><li>▪ Mandated employer contributions (SG and award)</li><li>▪ Employer voluntary contributions</li><li>▪ Salary sacrifice</li><li>▪ Personal contributions</li><li>▪ Spouse contributions</li><li>▪ Government co-contributions</li><li>▪ Rollovers from a closed First Home Saver Account</li></ul>
Age 65 to 69	<ul style="list-style-type: none"><li>▪ Mandated employer contributions (SG and award)</li><li>▪ Employer voluntary contributions once you have been gainfully employed for at least 40 hours in a period of no more than 30 consecutive days in the financial year in which the contribution is made.</li><li>▪ Personal contributions including spouse contributions once you have been gainfully employed for at least 40 hours in a period of no more than 30 consecutive days in the financial year in which the contribution is made.</li><li>▪ Government co-contributions</li><li>▪ Rollovers from a closed First Home Saver Account</li></ul>
Age 70 to 74	<ul style="list-style-type: none"><li>▪ Mandated award contributions</li><li>▪ Personal contributions excluding spouse contributions once you have been gainfully employed for at least 40 hours in a period of no more than 30 consecutive days in the financial year in which the contribution is made.</li><li>▪ Government co-contributions (if aged under 71 at the end of the financial year for which the co-contribution applies)</li></ul>
Age 75+	<ul style="list-style-type: none"><li>▪ Mandated employer contributions only</li></ul>

For more information contact your financial adviser.



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### Who can contribute?

North Personal Superannuation members can both contribute and roll over funds. Rollovers can be accepted at any age. All contributions can be accepted for members under age 65, with certain rules applying for members over age 65. Please refer to 'Taxation information for superannuation accounts' for further detail on contribution caps.

### Concessional contributions

Concessional contributions include:

- employer contributions (such as superannuation guarantee (SG), award and salary sacrifice contributions)
- personal deductible contributions for which a tax deduction has been claimed, and
- certain directed termination payments (for example, the taxable component of a directed termination payment greater than the \$1 million upper cap on the taxable component), which are made on or after 1 July 2007.

Subject to very limited exceptions, payments made from 1 July 2007 by employers to employees in consequence of the termination of employment (ie 'employment termination payments') will not be able to be rolled into superannuation funds. Speak to your financial adviser for more information.

### Non-concessional contributions

Non-concessional contributions are contributions made to a superannuation fund which are generally made from a member's after tax income, though some exceptions to this rule apply. Non-concessional contributions include contributions you make for yourself and spouse contributions (contributions made for you by your spouse), transfers made from foreign funds and rollovers from closed First Home Saver Accounts.

### Other contributions

Other contributions the Fund may accept include government co-contributions and personal injury payments.

## Withdrawals

### When can you access your superannuation?

Your superannuation benefit is the total of all contributions made, benefits rolled over or transferred in, plus investment earnings, insurance and guarantee proceeds (if any), less fees, taxes, lump sum withdrawals, pension payments (if any), insurance premiums (if any) and other taxes and charges. Most superannuation benefits are preserved and superannuation law provides that preserved benefits can only be paid in any of the following circumstances:

- when you reach age 65
- if you cease employment after age 60
- when you permanently retire, after attaining the preservation age applicable to you (see table below)
- when you reach your preservation age and are still working full time, your superannuation benefit can be used to commence a transition to retirement pension which is non-commutable
- if you suffer permanent incapacity as defined by the Superannuation Industry (Supervision) Act 1993
- if you satisfy the criteria for early release of part or all of your benefit on the grounds of severe financial hardship to the satisfaction of the Trustee
- if the Australian Prudential Regulation Authority approves the release on specified compassionate grounds
- upon your death
- on complying with any other condition of release specified by superannuation law, or
- when you have been a lost member and are subsequently found, and your account value is \$200 or less.

Since 1 July 1999, all new superannuation contributions and any investment earnings are preserved.

<b>Date of birth</b>	<b>Preservation age</b>
Before 1 July 1960	55
From 1 July 1960 to 30 June 1961	56
From 1 July 1961 to 30 June 1962	57
From 1 July 1962 to 30 June 1963	58
From 1 July 1963 to 30 June 1964	59
On 1 July 1964 or after	60

Some or all of a benefit you roll over to North Personal Superannuation may be restricted non-preserved or unrestricted non-preserved. The benefits you roll over will retain this status. This means that in some cases you may be able to access these unrestricted non-preserved benefits without meeting the requirements listed above.

Please speak to your financial adviser if you require further information about restricted non-preserved and unrestricted non-preserved benefits.

### **Temporary residents**

Eligible temporary residents are able to receive their superannuation benefit upon permanently departing Australia. Several conditions apply. For more information, please contact your financial adviser or visit [www.ato.gov.au](http://www.ato.gov.au).

### **When must your benefit be paid?**

Your benefits are generally paid as a lump sum. You may also transfer or rollover your benefits to another superannuation or retirement fund that complies with Federal Government regulations at any time.

You also have the option of converting all or part of your benefit (if it becomes payable) to the North Personal Pension, where you will receive regular income payments in lieu of your lump sum benefit. If you elect to convert to the North Personal Pension your financial adviser will provide you with the current PDS.

You are no longer required to take your benefit from a superannuation fund once you reach 65 years of age and retire. Compulsory payment of benefits only applies in the event of your death.

## **Taxation information for superannuation**

### **Contributions tax**

All concessional contributions (including salary sacrifice and SG contributions and any personal contributions for which you claim a tax deduction) paid to North Personal Superannuation are currently taxed at a rate of 15 per cent.

This tax may be reduced by deductions for items such as life insurance premiums and fees. This is subject to the provision of your tax file number (TFN).

Tax will be deducted from your account quarterly.

### **Concessional contributions caps**

A cap of \$25,000 per person per year applies to concessional contributions. The cap is indexed. Excess concessional contributions will be taxed at the top marginal rate which includes the 15 per cent contribution tax. The excess concessional contributions tax is imposed on the individual, who may pay the liability themselves or withdraw some or all of the liability from their superannuation fund.

If you incur this additional tax, you may elect to have it paid by way of a deduction from your account with the Fund. To do so you will need to complete a release authority (which will be provided to you by the Australian Taxation Office (ATO) at the relevant time) and forward it to the Fund accordingly.

A transitional concessional contributions cap of \$50,000 per person per year will apply for people who are aged 50 and over on the last day of a financial year until 1 July 2012. This transitional cap will not be indexed. From 1 July 2012, the concessional contributions cap for individuals aged 50 and over will reduce to \$25,000 (indexed).

### **Non-concessional contributions caps**

An annual cap of \$150,000 per person applies to non-concessional contributions. Members under age 65 on 1 July can make non-concessional contributions up to \$450,000 averaged over three years. Members aged 65 or over on 1 July can only make non-concessional contributions up to \$150,000 in that year and each subsequent year to age 75. From 1 July 2009, the non-concessional contributions cap will be calculated as 6 times the level of the (indexed) concessional contributions cap.

Non-concessional contributions in excess of this cap will be taxed at the top marginal rate. This tax is imposed on the individual, who must withdraw from their superannuation fund an amount equal to their tax liability. To do so, you will need to complete a release authority (which will be provided to you by the ATO at the relevant time) and forward it to the Fund accordingly.

The Trustee is prevented by law from accepting a non-concessional contribution which is greater than three times the non-concessional cap. The Trustee is required by law to refund the excess contribution and is entitled to deduct an administration fee and any transaction costs and premiums that have been paid in relation to cover for a specific period.

For more information on the contribution caps, please contact your financial adviser.

### **No TFN rule on concessional and non-concessional contributions**

#### **Concessional contributions**

You do not commit an offence if you choose not to provide the trustee with your TFN, and you are not otherwise required by law to provide your TFN. However, if you do fail to do so, a no-TFN contribution tax rate of 31.5 per cent applies to your concessional contributions. It applies in addition to the excess contributions tax (as well as the standard contributions tax at 15 per cent) and there is no reduction to the taxable amount for insurance premiums that you might pay.

However, the Fund may be entitled to a tax offset for tax it has paid on no-TFN contributions income if the member quotes their TFN to the Trustee within four financial years of the tax on the no-TFN contributions income being payable.

#### **Non-concessional contributions**

The Trustee is required by law to refund any non-concessional contributions received if a TFN has not been provided within 30 days. The Trustee is entitled to deduct an administration fee and any transaction costs and premiums that have been paid in relation to insurance cover for a specific period.

### **Are investment earnings taxed?**

Earnings on your superannuation investment are taxed at a rate generally lower than other forms of savings. The rate is 15 per cent. This tax may be reduced by deductions for items such as life insurance premiums, franking credits and tax offsets.

## Taxation information for pension accounts

### How are pension payments taxed?

#### Aged under 60

Your pension payments can have two components – the taxable component and the tax-free component. The taxable component forms part of your assessable income and is taxed at your marginal tax rate (plus the Medicare levy if applicable).

However, you may be entitled to a tax offset on your income payments relating to the taxable component from your Fund of up to 15 per cent of the taxable amount if you are under the age of 60 but have reached your preservation age, or if you are under 55 and are receiving a pension as the result of a permanent incapacity payment.

Your financial adviser can assist you to calculate the likely tax payable in your circumstances.

#### Aged 60 and over

For pensioners aged 60 or over, lump sum benefits and income stream payments are tax free.

#### Death benefits

In the event of your death, a pension or income stream paid to your dependants may also be entitled to tax concessions depending on a number of factors including their age and your age at the date of your death. For more information, speak to your financial adviser.

#### Tax payable when starting a pension

If your non-concessional contributions from your superannuation account have exceeded the non-concessional cap, you may incur an excess non-concessional contributions tax liability. In this case you will be provided with a release authority from the ATO to withdraw an amount equal to your tax liability from your fund.

#### Are your investment earnings taxed?

Earnings on your North Personal Pension investment are currently exempt from tax, if aged 60 and over.

## Taxation

### How are lump sum withdrawals taxed?

The way any lump sum benefit is taxed depends on your age and the make-up of your lump sum benefit (ie as between tax free and taxable components). From 1 July 2007 you cannot elect the components that a withdrawal will be made from. The components will be calculated and paid on a proportional basis as per current legislation.

For members under age 60, the taxable component is determined by factors such as the source of the contributions and whether a tax deduction has been claimed for the contribution. Usually, the taxable component consists of contributions made to the Fund by employers and by members (to the extent a deduction has been claimed for those contributions), together with any earnings on those contributions. If tax is payable on your benefit, the Trustee is required to withhold tax from your benefit. You will be provided with a PAYG payment summary – superannuation lump sum to include in your next tax return.

For members aged 60 and over, superannuation benefits from a taxed source, whether in the form of a superannuation lump sum benefit or income stream payments are tax free and are not required to be declared on your tax return.

The actual tax rates and the levels at which they apply are determined by the ATO and can change each year. As you may not be making a withdrawal for a number of years this material is provided for general information only and you should check with your financial adviser, the Trustee or the ATO at the time you make a withdrawal. Further information on current rates and thresholds is available from [www.ato.gov.au](http://www.ato.gov.au).

The following is a summary of the components and how they are taxed as the law currently stands.

Component	Taxation
Taxable component – taxed element	If you are under 55, all of this amount is subject to tax at 21.5% (including Medicare levy). If you are between 55 and 59, an amount up to a threshold will be tax free and any amount over this will be subject to tax at 16.5% (including Medicare levy). If you are aged 60 years or over, any superannuation benefits paid to you are tax free.
Taxable component – untaxed element	Any taxable component – untaxed element rolled over to this fund will be subject to contributions tax upon receipt and will then convert to a taxable component – taxed element. Other tax rates apply if a taxable component – untaxed element is paid to you in the form of a lump sum or a pension. As this Fund is a taxed fund, these tax rates will not be relevant to you when your superannuation benefits are paid to you or your dependants.
Tax free component	Untaxed

## The Trust Deed

North Personal Superannuation and Personal Pension Plans which are part of the Fund are governed by the Trust Deed. The Trustee must operate the Fund in accordance with the provisions of the Trust Deed and the law relating to superannuation and pensions.

Members' entitlements are determined by the provisions of the Trust Deed and the laws relating to superannuation. The investments of the Fund are held by the Trustee on behalf of all members of the Fund, and no member has an entitlement to any individual asset within the Fund. In managing the Fund the Trustee is obliged to act in the interests of the members of the Fund as a whole. While it has the power to amend the provisions of the Trust Deed, the Trustee cannot do so in a way that is adverse to members' entitlements. The Trust Deed has special provisions relating to how and when the Fund can be wound up and how members are to be treated if this occurs.

A copy of the Trust Deed is available upon request.

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