

Spouse Accounts





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Use an RBF Spouse Account to save for your family's retirement

How much super is enough?

When you retire you may want to travel, buy a new car or just spend more time relaxing and doing the things you enjoy. We're all different and we'll all want to do different things. But we all face the same question...

“How will I pay for the lifestyle I want?”

RBF can play an essential part in helping members achieve the lifestyle they want in retirement. The amount of super you will need depends on the lifestyle you choose.

How much you need to contribute to your super will depend on your age, whether you have any money already invested in super and when you want to stop working.

If you are a member of the Tasmanian Accumulation Scheme, your employer makes compulsory super contributions on your behalf. These contributions are known as Superannuation Guarantee (SG) contributions and are made at the rate of 9% of your salary.

To achieve a life pension of around \$25,000 per year if you retired at age 60, you would need a lump sum superannuation benefit of about \$400,000. The following table and graph demonstrate the percentage of salary you would need to contribute **in addition** to the employer SG contributions of 9% to achieve a lump sum of \$400,000.

This brochure is intended as a general guide to making superannuation contributions to an RBF Spouse Account. When considering whether to make superannuation contributions to an RBF Spouse Account you and your partner should take your individual financial circumstances into account. You and your partner can discuss the general issue of making superannuation contributions to an RBF Spouse Account by contacting RBF using the contact details on the back cover.

Age at Entry	Salary	Retirement at Age 60	Retirement at Age 65
30 years	\$35,000	10%	6%
	\$45,000	6%	3%
	\$55,000	4%	1%
40 years	\$35,000	28%	17%
	\$45,000	20%	12%
	\$55,000	15%	8%
50 years	\$35,000	83%	46%
	\$45,000	63%	34%
	\$55,000	50%	27%



NOTE: The above table and graph assume:

- a real rate of return of 4.5% pa compounding fortnightly. Inflation has not been added to this rate. This means that the values shown are in today's dollars;
- employer SG contributions of 9% of salary plus personal contributions as shown; and
- no adjustments are made for salary growth.

How can RBF help me and my family achieve the lifestyle we want in retirement?

Opening an RBF Spouse Account is a way to improve your family's retirement savings. The following information relates specifically to the RBF Spouse Account. There are also a number of options which you can use to improve your super entitlement. These include:

- Salary sacrifice into the RBF Investment Account
- Personal contributions into the RBF Investment Account
- The Commonwealth Super Co-contribution
- Rollover from other superannuation funds

Members of the Contributory Scheme can also:

- Salary sacrifice into the RBF Contributory Scheme
- Increasing your rate of contribution (past or future) to the RBF Contributory Scheme
- Purchasing periods of non-contributory service (if eligible)

You should carefully consider the option(s) that best suit your personal situation. It is important to remember that choosing one or more of the options mentioned does not mean that you are locked in to using that specific option(s). You can reassess your situation at any time and vary your super improvement strategy.

For further information about any of the alternative options mentioned please contact RBF. RBF's contact details are provided on the back cover.

What is an RBF Spouse Account?

An RBF Spouse Account is an RBF Investment Account opened for your partner with a minimum deposit of just \$10. Making payments into a Spouse Account will assist you and your partner to secure and improve your retirement income.

Generally, for the purpose of opening an RBF Spouse Account your 'partner' is:

- your husband or wife; or
- your de facto husband or wife; or
- a person of the same sex with whom you live, as a partner; on a genuine domestic basis.

Under Commonwealth legislation, to claim taxation concessions or benefits certain conditions apply, including a particular definition of partner. For further details, please see page six under the section relating to tax advantages.

Who can open an RBF Spouse Account?

You can open a Spouse Account for your partner if you are aged under 75 and are a current member of RBF. A current member means anyone with a financial interest in RBF, such as current or former contributors with an Investment Account and members receiving an RBF pension. To see if your partner is eligible to open a Spouse Account, please contact RBF using the contact details on the back cover.

Who can make contributions to an RBF Spouse Account?

You and your partner can both make contributions to a Spouse Account.

Your contributions to the account

You can make contributions to your partner's account if:

- your partner is under age 65; or
- your partner is aged between 65 and 70 and has worked at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

If your partner is age 70 or over, you cannot make contributions into his or her account.

Your partner's contributions to the account

- If under age 65, your partner can make contributions to his or her Spouse Account at any time.
- If aged between 65 and 74 years, your partner can only contribute if he or she has worked at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

Your partner cannot make contributions to their Spouse Account if they are aged 75 or over:

Your partner cannot elect to have their employer Superannuation Guarantee (SG) or salary sacrifice contributed directly into their RBF Spouse Account unless they become a Tasmanian public sector employee.

All contributions made to a Spouse Account (whether by you or your partner) belong to the person in whose name the account is held (i.e. your partner).

How much can we contribute to the Spouse Account?

There is a limit on how much you and your spouse can contribute to a Spouse Account each year. The personal contribution limit is \$150,000 each year, or \$450,000 over three years*. This limit applies to the total amount contributed for one person, no matter how many people are contributing to the account, or if that person has more than one super fund account. If the personal contributions limit is exceeded, your partner will have to pay tax on the excess contributions at the top marginal rate plus Medicare levy.

* Contributions of \$450,000 over three years can only be made by members under the age of 65.

How do we make contributions to an RBF Spouse Account?

You or your partner can contribute to a Spouse Account by making individual payments or by direct debit or direct deposit from your partner's bank or credit union account. Your partner can also make payments into their Spouse Account by rolling over money from other superannuation funds.

You and your partner can contribute as much or as little as you like up to the personal contribution limit and can stop payments at any time.

Will opening an RBF Spouse Account help simplify our superannuation and cut our costs?

Opening a Spouse Account may help your partner to simplify his or her superannuation and reduce costs. If your partner opens a Spouse Account, he or she can roll over existing superannuation into that account.

By rolling over existing superannuation, your partner can consolidate all of his or her super with RBF and enjoy the benefits of RBF's competitive administration fees and investment management fees. Opening a Spouse Account will also enable both you and your partner to hold all of your super in one Fund.

What are the advantages of contributing to an RBF Spouse Account?

By opening a Spouse Account and becoming an RBF member, your partner will gain access to the following:

- Strong long-term investment performance
- The opportunity to choose how his or her money is invested
- No entry fees, exit fees or commissions
- Flexibility to contribute as much or as little as you and your partner choose up to the personal contribution limit
- The opportunity to roll over money from other superannuation funds
- A range of retirement products

Can my partner choose how money in the RBF Spouse Account is invested?

With an RBF Spouse Account, your partner has access to Member Investment Choice (MIC). This means that your partner can choose an investment strategy to suit his or her needs.

MIC offers a broad range of investment options with different levels of projected risk and return. Risk is the amount by which the value of your partner's investment is likely to fluctuate in any given period. Return is the money your partner makes on his or her investments.

Your partner can choose to invest his or her money in one investment option or in a number of options and can switch between options as often as he or she likes. If your partner does not choose an investment option, RBF will invest his or her contributions in the RBF Actively Managed option. This is RBF's default option.

If you or your partner would like to know more about the RBF Investment Account, RBF's MIC options or the impact of basic investment principles such as risk and return on account balances, please visit the RBF website at www.rbf.com.au or contact RBF. Contact details are provided on the back cover.

What charges will my partner pay?

RBF does not charge entry fees, exit fees or commissions. RBF charges an administration fee and an investment management fee. Each Member Investment Choice (MIC) option has a different investment management fee. The administration fee will be deducted directly from the member's account balance. The investment management fee and any taxation payable on investment earnings will be deducted from gross investment earnings before they are credited to member accounts. The RBF Board's current policy is that switching between MIC options is free of charge.

Information about fees is published on RBF's website at www.rbf.com.au and on RBF's regular produced crediting rate fliers. Fee information can also be obtained by contacting RBF. Contact details are provided on the back cover.

When can my partner access the money in the RBF Spouse Account?

Your partner can take a benefit from the RBF Spouse Account when he or she reaches preservation age and retires from the workforce. Please note that if your partner waits until he or she is 60 or older at retirement, all of the benefit from the Spouse Account will be tax-free.

The following table details your partner's preservation age.

Date of birth	Preservation age*
Before 1/7/60	55
1/7/60 - 30/6/61	56
1/7/61 - 30/6/62	57
1/7/62 - 30/6/63	58
1/7/63 - 30/6/64	59
After 30/6/64	60

Preserved money can only be accessed before preservation age in the case of death, permanent incapacity, severe financial hardship or on compassionate grounds.

Your partner may be entitled to receive a superannuation benefit under transition to retirement**. Under transition to retirement some employees are able to work part time, earn a salary and receive a pension.

* If your partner has never been employed, money held in the Spouse Account cannot be accessed until age 65.

** Conditions apply. For more information please contact RBF.

How will my partner receive their benefit from the RBF Spouse Account?

Your partner can take his or her Spouse Account entitlement as one of, or a combination of the following:

- A Lump Sum
- An RBF Allocated Pension
- An RBF Life Pension (if eligible*)

If you would like to know more about any of the above benefit options, please visit the RBF website at www.rbf.com.au or contact RBF. Contact details are provided on the back cover.

* Contact RBF for further information.

What if my partner dies before taking a benefit?

If your partner dies before taking a benefit, the benefit will be paid to their surviving partner* or registered carer** (at the time of their death) unless they have elected to have the balance of their account paid to their estate.

Please note, a death benefit paid to your partner's estate is taxed differently to a death benefit paid to his or her surviving partner. Your partner may wish to seek advice from his or her lawyer or a financial adviser before making an election.

* *Surviving partner means the widow or widower of the member and includes a person with whom the member was in a significant relationship within the meaning of the Relationships Act 2003 but only where that person was living on a genuine domestic basis with the member at the time of his or her death or in receipt of significant financial support from that member.*

For the purposes of the Relationships Act 2003, a significant relationship is between two adults:

- who have a relationship as a couple; and
- who are not married to one another or related by family.

** *Registered carer means a person with whom the member was in a caring relationship which was subject to a deed of relationship registered under Part 2 of the Relationships Act 2003.*

What are the tax advantages of contributing to an RBF Spouse Account?

Contributing to a Spouse Account can provide the following tax advantages.

Tax-free treatment of undeducted contributions

The value of any personal (after-tax) contributions paid into a Spouse Account after 30 June 1983 is known as the undeducted contributions component of the final benefit.

This component is not taxed when the benefit is taken.

Low rate of tax on earnings

Earnings within the superannuation environment are taxed at the relatively low rate of 15%.

Tax-free threshold on final benefit

The final benefit paid from a Spouse Account is usually tax-free after your partner reaches their preservation age, unless investment returns earned and employer contributions exceed the threshold of \$140,000*. This threshold is applied at an individual benefit level. Therefore, by opening a Spouse Account you can potentially double the amount of tax-free benefit you and your partner can receive.

* This figure is current for the 2007-08 financial year but is subject to change.

*Tax offset (rebate)

A tax offset may be payable for superannuation contributions that you make on behalf of a low-income or non-working partner**. If your partner's assessable income and total reportable fringe benefits are less than \$10,800 pa, you may be able to claim an 18% tax offset for the first \$3,000 of contributions that you pay on your partner's behalf. The value of the contributions to which the offset can be applied reduces by \$1 for every dollar by which your partner's assessable income and total reportable fringe benefits exceeds \$10,800. The offset cuts out completely if your partner's income is \$13,800 pa or greater. The maximum offset that you can claim is \$540 (i.e. 18% X \$3,000).

* The figures in this section are current for the 2007-08 financial year but are subject to change.

** Under Commonwealth Taxation legislation, a partner includes your husband or wife or another person who, although not legally married to you, lives with you on a bona fide domestic basis as your husband or wife. A partner does not include a person who lives separately and apart from you on a permanent basis or a person who is the same sex as you. This means some partners holding an RBF Spouse Account will not be eligible for some Commonwealth taxation benefits. RBF recommends that readers seek professional advice about how this affects them, before making investment decisions.

How can my partner open an RBF Spouse Account?

If your partner wishes to open an RBF Spouse Account, both you and your partner need to complete the Application to Open a Spouse Account form in this brochure and deposit a minimum of \$10 to RBF to start the account. If you would like to discuss this process, please contact RBF using the contact details on the back of this brochure.

Other superannuation improvement options

Opening a Spouse Account is a way to improve your family's retirement savings. There are also a number of options which you can use to improve your RBF super entitlement. These include:

- Salary sacrifice
- Rollover
- The Commonwealth Super Co-contribution
- Increasing your rate of contribution
- Purchasing periods of non-contributory service (if eligible)*

For further information about RBF Spouse Accounts or any of the alternative options listed above please contact RBF. Contact details are provided on the back cover.

* Only available to members of the RBF Contributory Scheme.

USE THE WEBSITE AT:

www.rbf.com.au

PHONE US ON:

03 6233 3672 or 1800 622 631

FAX US ON:

03 6233 3357

E-MAIL US AT:

super@rbf.com.au

WRITE TO:

The Chief Executive Officer
Retirement Benefits Fund Board
GPO Box 446 HOBART TAS 7001

VISIT US AT:

Retirement Benefits Fund Board
39 Sandy Bay Road Hobart

PERSONAL INTERVIEWS

Personal interviews available in
Hobart, Launceston, Burnie and
Devonport, by appointment only.
To arrange an interview,
telephone 1800 622 631.

R E T I R E M E N T B E N E F I T S F U N D B O A R D



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