

Federal Budget 2009

There were a number of initiatives announced by the Federal Government in the 2009 budget. This Super News provides a general summary of those announcements which might impact on your superannuation.

It is important to note that these announcements have not been passed as legislation at this time and may therefore change in the future.

Changes to Contribution Caps

Concessional Contribution Caps

Concessional contributions are those contributions that are made for you by the Company from pre-tax salary. They include Company contributions, superannuation guarantee contributions, voluntary Salary Sacrifice contributions and for some Divisions Notional Taxed Contributions (NTCs) and other company contributions.

From 1 July 2009 the Government intends reduce the concessional contributions caps to:

- \$25,000 for 2009/10; or
- \$50,000 for members over age 50.

It is expected that the new cap of \$25,000 will be indexed in future years. The cap for members over age 50 is a transitional cap which will not be indexed and will cease after 30 June 2012.

For members where NTCs and other company contributions count as concessional contributions, a description of these contributions and information on how they are calculated and applied are contained in the Super Fact document, entitled "Concessional Contributions", available with this Super News.

Grandfathering

For members of Defined Benefit divisions, grandfathering provisions will continue to apply. This means your NTCs will be capped at the Concessional Contribution Cap applicable to your age (even if the NTC formula produces a higher amount) and you will not have to pay excess tax on these contributions. For more information on grandfathering please call the Plan on 1300 654 384.

For all members, it is important to understand the concessional contributions that are counted towards the limits in 2009/10. It may be necessary to review levels of voluntary Salary Sacrifice and/or other contributions if the total concessional contributions are likely to exceed the new caps.

Members must monitor the level of concessional contributions being made to all of their superannuation funds. Neither the Plan nor the Company can do this on behalf of members. The Plan can accept concessional contributions above the cap.

Any concessional contribution made above the cap will be subject to further contributions tax at the rate of 31.5%. A notice of excess contributions will be provided by the Australian Taxation Office (ATO), requiring the member to pay this additional tax. Members will have the option of making a withdrawal from their account to meet this payment.

Excess concessional contributions may not be refunded by the Plan.

Non-Concessional Contribution (NCC) Cap

Non-concessional contributions are contributions made to the Plan from after-tax salary.

From 1 July 2009 there is no change to the NCC cap. For 2009/10 the NCC cap is \$150,000. The option to 'bring forward' up to two years of NCCs and contribute up to \$450,000 (based on the current limit) in a financial year is still available.

Changes to Co-Contributions

The Government currently provides contributions to eligible members who make NCCs to a superannuation fund. The Government is temporarily reducing the co-contribution. From 1 July 2009 if you earn less than the income threshold of \$60,342 the level of co-contributions payable by the Government to an eligible member will reduce as follows:

- For the three years from 2009/10 to 2011/12 the co-contribution will be \$1.00 for every \$1.00 of your NCCs up to a maximum of \$1,000 per year;

- For the two years from 2012/13 to 2013/14 the co-contribution will be \$1.25 for every \$1.00 of your NCCs up to a maximum of \$1,250 per year; and
- From 1 July 2014 the co-contribution will return to the current level of \$1.50 for every \$1.00 of your NCCs up to a maximum of \$1,500 per year.

Eligibility for co-contributions is based on the level of a member's income, and is assessed by the ATO each year. The Plan provides the ATO details of all contributions received for each member after each financial year so that your co-contribution entitlements may be assessed. If you wish to make NCCs to the Plan forms are available on the Forms page of the website. To check the amount of NCCs contributed to the Plan please call 1300 654 384.

It should be noted that from 1 July 2009 any Salary Sacrifice contributions which are made to a superannuation fund will be counted as income by the ATO when assessing whether an individual is eligible for co-contributions.

Pension Income Payment Relief

Early in 2009, the Government announced that the minimum income limits for account-based pensions such as Division 9 and Division 14 would be reduced by 50% for the 2008/09 year. In the 2009 budget, the Government announced that this lower minimum income limit would be extended for 2009/10. The reduced minimum income limits (as a percentage of the 1 July 2009 account balance) are now:

Age	Minimum for 2009/10
55-64	2%
65-74	2.5%
75-79	3%
80-84	3.5%
85-89	4.5%
90-94	5.5%
95+	7%

Information about these new limits will be provided to Division 9 and Division 14 members in July/August when they will be asked to nominate their monthly income levels for 2009/10.

DISCLAIMER

This document provides information on the announcements made by the Federal Government in their 2009 Budget. These announcements have not been enacted as legislation at this time, and may be subject to change. This information has not been tailored to take account of your personal circumstances. Before acting on any information contained in this document, members should seek financial advice from a suitably qualified financial advisor.

Access to the Age Pension

There were several changes to the age pension announced in the 2009 budget:

- The qualifying age for the Age Pension and Commonwealth Seniors Health Card will be increased (commencing 2017) and by 1 July 2023 will be age 67 for men and women;
- The income test for the Age Pension will be changed to that for single individuals the Age Pension will be reduced by 50c (previously 40c) for every dollar of other income above the threshold; and
- The full-rate Age Pension for single individuals will be increased by \$32.49 per week (and \$10.14 per week for couples).

The Government has also announced that no change will occur to the Preservation Age. The preservation ages are the ages when people can take their superannuation as cash, provided they also satisfy certain conditions of release.

Paid Parental Leave

The introduction of a paid parental leave scheme from 1 January 2011 will provide eligible parents with up to 18 weeks of leave at the Federal Minimum Wage. Details of this scheme include:

- Payments under the scheme will be treated as taxable income and will affect entitlement to family assistance payments (but not counted as income for income support payments)
- Primary carers will be eligible if they earned less than \$150,000 in the prior financial year, worked at least 330 hours over the 10 months prior to birth, and have worked continuously for one or more employers in 10 of the 13 months prior to the expected birth date; and
- Parents who choose to receive the Paid Parental Leave will not receive the baby bonus, other than for multiple births.

The Qantas Superannuation Plan has specific arrangements that apply during periods of maternity leave. Information on these arrangements are available from your People Representative or the Qantas Group PeopleConnect on 1300 303 411.

Trans-Tasman Retirement Savings Portability

The Government has agreed to establish a trans-Tasman retirement savings portability scheme, although the details are not yet available. This scheme will permit the transfer of superannuation savings between superannuation funds in Australian and KiwiSaver funds (which have similar preservation requirements to Australian funds) in New Zealand.