

Super choice is yours —

THE clock is ticking for tens of thousands of workers in the freight industry with major changes for Australia's superannuation in the pipeline, writes Ian Jarrett.

Choice of funds comes into effect on July 1 and gives six million Australians the right to choose who looks after their retirement savings.

Superannuation experts have warned that employees need to be aware of the changes because it could mean the difference between a substantial retirement benefit - or life on the breadline.

The new rules will allow fund members to move their savings between superannuation funds.

There is serious concern among industry experts that the government's publicity campaign has failed to stir employees into action.

Mark Schroeder, chief executive of funds management company Astarra, said government advertising campaigns urging people to be aware of the new superannuation choices had made little or no impact.

"There is a huge amount at stake here for both employees and employers," said Schroeder, whose company was the principal sponsor of the Australian Federation of International Forwarders 2005 conference in Cairns in May.

Astarra provides investment services for wholesale and retail clients across Australia. It also provides investment advice to AFIF.

Schroeder said employers faced a significant change with the introduction of Super Choice.

"Most employers have previously been able to choose the fund into which they paid their employees' superannuation contributions. Only businesses whose superannuation fund was predetermined by an industrial agreement or award were not able to choose the superannuation fund for their employees."

From July 1, employees will be able to choose any complying super fund, scheme or retirement savings account (to be known as 'eligible choice funds') into which their Superannuation Guaranteed contributions can be paid.

"In the event your employees do not exercise their choice, you must pay their Superannuation Guaranteed contributions into a default fund. If a Federal Award covers your employees, the default fund is nominated by that particular award."

Schroeder said that eligible employees should seek advice on Super Choice. "If you are eligible, your employer is required to provide you with a Standard Choice form by July



Mark Schroeder — chief executive of funds management company Astarra.



29 2005 or, if you commence employment after July 1 2005, within 28 days of your commencing employment."

Schroeder says it was especially important for AFIF low-income workers to get the message about superannuation choice. "Choice is the

key, and if anyone is not sure what to do they should seek advice from qualified financial advisors. Employers are not allowed to give this advice."

Schroeder said the latest Australian Bureau of Statistics' figures painted a grim picture for the future well being of Australians in retirement.

As the population aged, and there were fewer taxpayers to fund pensions, only one in 10 Australians would have enough invested to live comfortably in retirement. And only one in 64 would get the retirement pension they expected.

"If people do not start saving now, it will be a case of living well in retirement or eating dog food."

Schroeder said another major challenge for employers would be management of employees' superannuation fund payments.

"If you are a company with 100-plus employees, and maybe those employees each have several superannuation funds, the administration costs would be very significant."

— and you must take it

What does Super Choice mean for employers?

Employers face a significant change with the introduction of Super Choice. Most employers have previously been able to choose the fund into which you to pay their employees' superannuation contributions. Only businesses whose superannuation fund was pre-determined by an industrial agreement or award were not able to choose the superannuation fund for their employees'.

From the 1 July 2005, employees will be able to choose any complying super fund, scheme or retirement savings account (to be known as 'eligible choice funds') into which to have their Superannuation Guaranteed contributions paid.

In the event your employees do not exercise their choice, you must pay their Superannuation Guaranteed contributions into a ('default fund'). If a Federal Award covers your employees, the default fund is nominated by that particular award.

What will Astarra do for you?

- Visit your premises and meet with the people responsible for employee superannuation
- Discuss further the impact of Superannuation Choice on your business
- Offer advice on preparing for this event

What can Astarra do for you?

- Help manage the implementation of the Superannuation Choice legislation
- Assist with providing financial advice to you and your employees

ASTARRA's active management style offers clients access, through investments, to leading global investment managers. The careful selection and mix of investment managers gives diversity and aims to provide more consistent returns through the combination of investment styles, as each investment style usually performs differently in different market conditions.

Investment Choices

The Fund includes 13 investment choices, which are referred to as Pools.

Generally the Pools invest in unit trusts, which are managed by our appointed investment managers. Astarra may also from time to time make direct investments in appropriate asset classes or through other unit trusts that are also managed by Astarra.

You may invest in one or a combination of these Pools. You can also transfer or switch your benefit from one Pool to another at any time. Currently we do not charge for a switch. However a transaction cost may apply. Astarra reserves the right to charge a switching fee in the future.

Your funds in the Superannuation Plan and Pension Plan are invested in the chosen Pool/s generally through the Pooled Superannuation Trust (PST). This procedure does not affect the return from your investment choice as any fees and charges deducted from the PST will not be deducted from the respective Plans.

What does the Astarra Superannuation Service provide?

- Simplicity – easy to set up and operate
- Affordability – no switch, rollover or exit fees
- Convenience – available to individuals, employers and employees
- Additional Features – additional optional insurance for individuals, employers and employees

Who is the Astarra Superannuation Service suitable for?

- Self-employed people
- Employees
- Employers
- Retirees
- Other superannuation funds
- Recipients of Eligible Termination Payments (ETPs)

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