

Most WA public sector employees currently have their employer super contributions automatically paid to us. With the introduction of Choice of Super in 2012, employees can choose another fund for these contributions.

We support choice, as it provides WA public sector employees with the opportunity to review their super to ensure they are on track for a comfortable retirement.

If you are a West State Super member, this information will help you if you are considering either rolling over your super, or having your employer contributions paid to another complying super fund, or both. Members of Gold State Super cannot choose to roll over their super to another fund. However, contributing members of Gold State Super can voluntarily withdraw from the scheme and have their future contributions directed to any complying super fund.

Before you make a choice, you should read the information below so that you understand the unique benefits available to West State Super and Gold State Super members, as your decision may be irreversible. We also strongly recommend you seek financial advice relevant to your own personal circumstances before making a decision.

Unique benefits of your scheme

West State Super and Gold State Super are both untaxed, constitutionally protected super funds. There are not many funds of this type in Australia, and having one of these accounts may provide you with some unique benefits not available with other super funds.

Gold State Super is also a defined benefit scheme rather than an accumulation scheme, which makes it even more unique.

West State Super

- West State Super is an **untaxed fund** – tax is not paid on any contributions or on investment earnings that your super account receives while it accumulates. It is often referred to as ‘deferred tax’ because tax is payable on your benefit when it is paid to you. You benefit from the compounding effect of having 100% of your concessional contributions and investment earnings invested, rather than 85%
- **Concessional contributions do not count towards your concessional contributions cap**
Most individuals can only contribute \$25,000¹ of concessional contributions per financial year into super and still be subject to concessional tax treatment. Concessional contributions made to West State Super do not count towards your concessional contributions cap for that scheme. However, they do count towards your cap for contributions to a taxed scheme.

For example, if you made \$25,000 concessional contributions to West State Super (including your employer contributions) you would not be able to make any further concessional contributions to a taxed scheme within the cap.

This is important because if you exceed your concessional contributions cap, the excess is taxed your marginal tax rate and you will also be subject to the excess concessional contribution charge

- Instead, West State Super members have an **untaxed plan cap** – which means you can accumulate up to a maximum of \$1.480 million² in concessional benefits in your West State Super account. If you exceed this cap, tax on the excess is levied at 47%
- If you are a West State Super member, you may be able to take advantage of some **unique strategies to reduce tax**, especially if you have pre-1 July 1983 service³

Gold State Super

- Gold State Super is an **untaxed fund**, which means you won’t pay tax until your benefit is paid to you, or rolled over to a taxed super fund
- You have the **security** of knowing your benefit is guaranteed by the WA State Government, and you can be certain of how much you will have when you retire, as your benefit is determined by a defined formula
- Gold State Super is a **defined benefit scheme**
This means that your benefit is determined by a formula that includes your final average salary, years of service and Average Contribution Rate, and is not affected by the performance of investment markets
- There are **no separate fees** charged to you for administration, insurance and other running expenses of Gold State Super
- For all contributing members up until the age of 60, you have automatic death and disability **insurance at no cost**. Cover applies 24 hours a day, seven days a week, no matter where you are
- Gold State Super members have an **untaxed plan cap** – this means concessional contributions do not count towards your concessional contributions cap for that scheme. They do count towards your concessional contributions cap for taxed schemes.

¹ For the 2018/19 financial year.

² For the 2018/19 financial year, indexed annually.

³ For more information see the ‘Pre-1 July 1983 service for untaxed super funds, West State Super and Gold State Super’ fact sheet available at gesb.wa.gov.au/factsheets.

Instead, there is an untaxed plan cap of \$1.480 million⁴ per super fund that applies to the untaxed benefit. The part of your Final Benefit that is below this amount will be concessional tax

- You can **maintain benefits at a higher salary level** when a change in employment conditions results in a lower salary (subject to conditions)
- There are strategies for members with **pre-1 July 1983 service**⁵ to reduce the tax payable on your benefit payout

Consequences of rolling over or withdrawing

If you are thinking about stopping your employer contributions into West State Super, or rolling over your account balance to another super fund, it's important to understand the implications of your decision. The same is true if you are considering voluntarily withdrawing from your Gold State Super scheme.

West State Super

Payment of tax will be brought forward

West State Super is an untaxed fund and if you roll over your benefit to a taxed super fund, you will be taxed on the 'taxable component - untaxed element' by the other fund at a rate of 15% when it is received. So you'll immediately have up to 15% less invested in super.

Your concessional contributions will count towards your annual cap

Most individuals can only contribute \$25,000⁶ of concessional contributions per financial year into super and still be subject to concessional tax treatment.

With West State Super, you can contribute more into West State Super each year because it is an untaxed fund. Although employer contributions (including salary sacrifice) count towards your concessional contributions cap (which limits your ability to make further concessional contributions to taxed funds), they are not capped within West State Super. Instead, there is an untaxed plan cap of \$1.480 million⁴, which means you can accumulate an untaxed benefit up to that amount and still be concessional tax.

This provides the opportunity to make large before-tax or salary sacrifice contributions, which is particularly significant as you get closer to retirement and may allow you to take advantage of strategies to increase your retirement savings quickly.

You can't change your mind

West State Super is closed to new members. If you choose to close your account, you may not be able to re-join the scheme in the future.

Gold State Super

Your super may be exposed to movements in investment markets

As a defined benefit fund, your final Gold State Super benefit is determined by applying a fixed, or 'defined', formula.

As such, your super is not market linked, and so it is not impacted by the performance of investment markets. If you withdraw from the scheme and direct your employer to contribute to your super elsewhere, your Superannuation Guarantee (SG) will be exposed to movements in the market.

You may have a significantly reduced benefit in retirement

Two of the key variables that impact your Gold State Super benefit are your salary and years of service. If you withdraw early from the scheme, these variables may be lower now than what they may be when you retire, which could result in a reduced benefit.

If you are a contributing member of Gold State Super, you will need to withdraw from the scheme before you can direct your employer to make future SG contributions to a complying fund. At the time of withdrawing from Gold State Super, your benefit will be calculated and preserved in the fund until you meet a condition of release.

If you are under 55 or still working in the public sector, you can't roll your Gold State Super over to another super fund.

It is preserved⁷ at GESB until you are at least age 55 and no longer working in the WA public sector or work for less than 10 hours per week. During this period, your Final Benefit will accumulate interest in accordance with the State Superannuation Regulations at the rate of Perth Consumer Price Index (Perth CPI) plus 1% p.a. until age 55, and then indexed annually at Perth CPI plus 2% p.a.

You may be charged fees and insurance premiums by your new fund

Gold State Super has no fees and provides automatic insurance cover at no cost. If you choose to withdraw, the fund you choose to receive your future employer contributions will charge fees, and you will also be charged premiums for any insurance cover that you have.

You can't change your mind

If you withdraw from Gold State Super, you can't contribute to it in the future.

⁴ For the 2018/19 financial year, indexed annually.

⁵ For more information see the 'Pre-1 July 1983 service for untaxed super funds, West State Super and Gold State Super' fact sheet available at gesb.wa.gov.au/factsheets.

⁶ For the 2018/19 financial year.

⁷ Depending on certain circumstances, you may have options to access your super from age 55. However, your Commonwealth preservation age will affect how your benefit is taxed. Your preservation age is dependent on your date of birth. For more information on your preservation age, read the 'Accessing your super' brochure available at gesb.wa.gov.au/brochures.

Need more information?

More information is available at gesb.wa.gov.au or by calling your Member Services Centre on 13 43 72. You should also read the '**West State Super Product Information Booklet**', or the '**Gold State Super essentials**' brochure, both available at gesb.wa.gov.au/brochures.

We also recommend that you seek independent financial advice from a licensed financial adviser before making a decision.

West State Super and Gold State Super are rare schemes that some advisers may not be familiar with. Visit the section 'Get personal financial advice' at gesb.wa.gov.au/advice for some useful fact sheets available to help you and your adviser understand the unique benefits.

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