GOVERNMENT OF WESTERN AUSTRALIA

Questions for advisers

Making an informed choice

GESB SUPERANNUATION

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Financial advice is a great way to help grow your wealth over the long term. You may want to seek help from a professional to decide which super fund is right for you. As your super forms a large part of your retirement savings, it's important you make an informed choice.

This fact sheet has been prepared to help you if you want to discuss your choice of super fund with your adviser. It gives you an overview of some of the unique benefits of your account with us, and highlights some questions you should ask your adviser to ensure you are making the right choice in the long run.

Are you a member of Gold State Super?

You should know that Gold State Super is a **defined benefit scheme**, which means your final Gold State Super benefit is determined by applying a fixed, or 'defined', formula. The key variables that impact your retirement benefit are your salary, years of service and your Average Contribution Rate. Gold State Super is not market linked, and so is not impacted by the performance of investment markets.

If you are a contributing member of Gold State Super, you will need to withdraw from the scheme before you can have your employer direct future Superannuation Guarantee 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 WA public sector, you can't roll your super over to another super fund. It will remain preserved in the fund until you are at least 55[1] and you are no longer employed in the WA public sector, or if you are still working, you are working less than 10 hours per week or about to start a Transition to Retirement Pension. During this period, your Final Benefit will be indexed annually in accordance with the *State Superannuation Regulations 2001* (WA) at a salary growth factor equivalent to the Perth Consumer Price Index (Perth CPI) plus 1% p.a. until age 55, and then accrue interest at Perth CPI plus 2% p.a.

Withdrawing from the scheme could result in a significantly reduced benefit in retirement because your salary and years of service, key variables used to calculate your Final Benefit, may be both lower now, than they would be when you retire. If you withdraw from Gold State Super, you can't contribute to it in the future. Your decision is irreversible.

Be sure you are clear on how you will benefit from moving to a different super fund and what the consequences are of withdrawing from Gold State Super. Ask your adviser to show you how much you will have accrued in Gold State Super compared with if you had continued to contribute to it. Read the '**Making an informed choice**' fact sheet for Gold State Super available at gesb.wa.gov.au/factsheets.

Are you a member of West State Super?

West State Super is an **untaxed accumulation fund**, which means your West State Super account is only taxed when your benefit is paid, not while the money is accumulating in your account.

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 and earning investment returns. Leaving it in West State Super will generally mean you can grow your investment faster because 100% of your concessional contributions and investment earnings are compounding, rather than 85% if these were in a taxed accumulation fund.

If your adviser recommends you roll over your West State Super balance to another super fund, ask them to show you the impact of having 15% less invested until retirement on your final benefit.

Generally, members can only contribute $27,500[2] of concessional contributions per financial year into super (this is your concessional contributions cap), and still receive concessional tax treatment (assuming they have no unused concessional contributions cap carry forward amounts available). As West State Super is a **constitutionally-protected fund**, concessional contributions made to West State Super will count towards your concessional contributions cap but they are not capped within that scheme. However, they will count towards your cap for the purposes of making contributions to a taxed scheme. For example, if you made $27,500 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 unless you are entitled to make additional concessional contributions for any unused concessional contributions amounts carried forward. Instead, you can accumulate an untaxed benefit of up to $1.705 million[3] and still be subject to concessional tax treatment.

1 Gold State Super members are able to access their benefit from age 55, however the Commonwealth preservation age affects how the benefit is taxed. It is important to consider the tax implications of accessing your benefit before reaching your Commonwealth preservation age.
2 For the 2023/24 financial year. The concessional contributions cap is indexed in line with Average Weekly Ordinary Time Earnings in increments of $2,500 rounded down.
3 Untaxed plan cap per super fund for the 2023/24 financial year, indexed annually for future years in line with Average Weekly Ordinary Time Earnings, and rounded down to the nearest multiple of $5,000.

The opportunity to make large before-tax or salary sacrifice contributions is particularly significant as you get closer to retirement and it may allow you to take advantage of strategies to boost retirement savings quickly.

West State Super is a closed scheme. If you close your account, you will not be able to open a new one in the future. You will lose the potential benefits of contributing to an untaxed fund that is also a constitutionally-protected fund.

Ask your adviser:

- How much you can contribute before tax into the recommended super fund, and
- How losing the opportunity to make contributions to an untaxed fund like West State Super may affect the strategies you may be able to use to grow your super

Read the '**Making an informed choice, West State Super and Gold State Super**' fact sheet available at gesb.wa.gov.au/factsheets.

Did you start service before July 1983?

If you did, then accessing funds from your West State Super account or Gold State Super account will trigger the calculation of the tax-free and taxable components of your current benefit to take into account your pre-1 July 1983 service. For most other super funds this calculation occurred as at 30 June 2007.

Members with a pre-1 July 1983 service start date in West State Super or Gold State Super may still be able to employ strategies to increase their tax-free component.

Ask your adviser:

How losing the ability to increase your tax-free component will affect you, if you have a pre-1 July 1983 start date.

For more information, read the '**Pre-1 July 1983 service for untaxed super funds**' fact sheet available at gesb.wa.gov.au/brochures.

Is your job high risk?

We offer insurance cover for all eligible members regardless of their occupation. Different funds offer different types of insurance at varying costs. It's important to have the right type and level of insurance cover, tailored to your situation, to protect you and your family if the unexpected happens.

Some funds may have restrictions on obtaining insurance if you are in a hazardous occupation.

We offer comprehensive death and disablement insurance through our Insurer[4] for people in hazardous occupations, often not insured by other super funds.

Check that you will be eligible for insurance with any new funds recommended by your adviser and compare the costs with what you're paying with us.

Fees and investment performance

A difference of 1% in fees or investment returns can make up to a 20% difference in your super benefit over 30 years. It's important you consider both of these factors when comparing funds.

The levels and types of fees you pay can vary widely between super funds and, over the life of your super, the effect can be significant. Some super funds may charge over 2% p.a. in fees, however, our fees are below 1% p.a.[5].

When considering investment returns, it is best you review a fund's performance over a longer period, as last year's top performer may not always be the best choice in the long run.

Ask your adviser:

- What fees will be charged by the other super fund and whether the adviser receives any remuneration from super funds. Compare this with the fees you're paying on your GESB account
- How has the recommended super fund performed over the past 3, 5 and 7 years, and
- How does this compare to industry averages and the performance of your GESB fund?

Need more information?

If you would like information about your GESB account, contact your Member Services Centre on 13 43 72.

4 The Insurer is AIA Australia Limited (ABN 79 004 837 861 AFS License No. 230043).

5 This is based on the Indirect Cost Ratio which is the ratio of the total of the indirect costs for the applicable investment option, to the total average net assets of the superannuation entity attributed to the investment option.

How to contact us

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