

How can pre-1 July 1983 service help you boost your super?

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If you are a Gold State Super (GSS) or West State Super (WSS) member with pre-1 July 1983 eligible service, you have the potential to maximise the tax-free component of your benefit. This is good news because it means more super for you when you retire.



Do you have eligible pre-1 July 1983 service?

As a general rule of thumb if you have an employment start date with the WA state government prior to 1st July 1983, you may have some eligible pre-1 July 1983 service within your GSS or WSS. You can confirm your service period by contacting GESB.

However, the rules are complex and it can be easy to make a wrong decision or miss opportunities, particularly when you:

- Make additional contributions
- Withdraw your benefit
- Move from one untaxed scheme to another
- Don't realise you may be eligible to open a WSS account

In this fact sheet, we'll discuss how eligible pre-1 July 1983 service works. We recommend you get personal financial advice before you make any decisions about your GSS or WSS scheme.

Why is pre-1 July 1983 service important?

The tax-free component of a super benefit is always free of tax – good news. The taxable component of your super benefit will be subject to tax when you retire. Your pre-1 July 1983 service amount forms part of the tax-free component of your super benefit.

Making additional contributions

Generally, you can only contribute an average of 5% p.a. of your income to GSS.

WSS is unique, in that it allows you to make concessional contributions via salary sacrifice, without breaching concessional contribution caps if WSS is your only super fund.

If you have eligible pre-1 July 1983 service, a proportion of your contributions and the resulting earnings, are attributed to the pre-1983 component, and are therefore entirely tax free. Making additional non-concessional contributions also increases the percentage of your fund balance that is counted towards your pre-1983 service, therefore reducing the overall tax you pay when you access your benefit.

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Opening a WSS account

If you are contributing to GSS with pre-1983 service you can open a WSS account, otherwise the scheme is closed to new members. If you meet this criteria, you can access the unique contribution rules of WSS, and also benefit from increasing your tax free component

How Neil saved \$4,500 on tax

Neil was 64 years of age when he first met with a StatePlus planner. His goal was to retire in 12 months' time. In seeking advice, Neil wanted to maximise the financial outcomes from his GSS and WSS funds, to save money on tax and have the peace of mind that he could continue living the lifestyle he wanted.

The strategy

Neil had access to some personal funds, which he contributed to his WSS account as an after-tax contribution. By doing this, he increased his pre-1983 component, reduced his taxable element, and therefore the tax he has to pay when accessing his benefit. The personal funds he initially contributed were accessible to him through his super benefit.

Gold State Super and West State Super are both untaxed schemes

As a Gold State Super member, you only pay tax at the time you access your benefit. That can be at retirement, or when you transfer your super to a taxed scheme or retirement income stream. If you are a West State Super member, your scheme contributions and investment earnings are only taxed when you transfer your super to a taxed scheme or retirement income stream.

The numbers

- Neil had approximately \$550,000 in GSS, \$240,000 in WSS and a total of \$180,000 in the bank. His WSS funds were rolled into his GSS account, making a total sum of \$790,000.
- Neil then contributed \$180,000 to WSS as an after-tax contribution, creating a total of \$970,000.

GSS	\$550,000
WSS	\$240,000
Bank	\$180,000
SUB TOTAL	\$790,000
WSS after-tax contribution	\$180,000
TOTAL	\$970,000

- By contributing an additional \$180,000 after-tax, Neil increased his pre-1983 component, which increased the proportion of funds treated as tax-free by approximately \$36,000.

The strategy resulted in a tax saving of \$4,500.

= \$4,500
SAVED ON TAX



To find out more about how we can help you, call us on 9214 4141. Our local WA experts can provide personal advice on your GESB benefit.

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