

Superannuation Policy

PURPOSE

To provide a benefit for retirement, and a protection against death and disablement, for permanent employees of the RFDS.

To meet the legislative requirements of the Superannuation Guarantee (Administration) Act.

SCOPE

This procedure applies to RFDS Central Operations.

REFERENCES

1. Superannuation Guarantee (Administration) Act.
2. Amendments to this document must be approved by the Chief Executive Officer.
3. Trust Deed.

POLICY & PROCEDURE

On commencement, all employees have the opportunity of selecting the fund into which their RFDS superannuation contributions are paid to The RFDS National Superannuation Fund ("the RFDS Fund") is the RFDS' nominated default fund. In the event an employee does not nominate a fund or their nominated fund of choice is invalid, the RFDS will pay superannuation contributions into the default fund until a valid choice is nominated (via the Standard Choice Form) by the employee.

Membership information relating to the RFDS Fund, together with a Standard Choice Form is sent to new employees with their employment offer. The Standard Choice Form together with relevant documentation (refer Fund Choice below), should where possible, be returned with other pre-employment documentation prior to commencement of employment.

Membership Categories

Three categories of membership exist:

- Category 1 – Superannuation Guarantee mandatory Contributions (SGC) only. This category applies to:
 - All staff during their qualifying/probationary period
 - Employees who are offered contributory membership and decline it
 - Fixed term employees whose term is less than one year
 - Casual employees
- Category 2 - Contributory membership where an employee elects to contribute at least 5% of their salary the company will contribute 10% (includes SGC). This category applies to permanent or fixed term staff whose contract of employment is one year or greater. This level of membership commences following the successful completion of six months'



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qualifying/probation period and applies for the first three years' of service for continuous contributory membership (* refer Note below).

- Category 3 - Contributory membership where an employee contributes at least 5% of their salary the company will contribute 12.5% (including SGC). This category applies to permanent or fixed term staff whose contract of employment is greater than three years who have qualified for Category 3 membership by being a Category 2 member for three continuous years.

* **Note:** Where the qualifying period for Category 3 membership differs (ie less than three years) in either an Enterprise Agreement and/or individual employment contract, the shorter qualifying period will apply.

Categories 2 and 3 (contributory membership) are offered as part of the terms and conditions of employment outlined in an employee's employment offer. The offer of contributory membership should be taken up upon successful completion of the employees' qualifying/ probationary period so that contributions may commence accordingly. Employees are reminded of this offer upon completion of their probation/qualifying period of employment but do not receive any further reminders. It must therefore be noted that the ability to contribute/become a contributory member is open, but it is the employee's responsibility to advise their acceptance of this offer. Once the offer is accepted and documentation provided to payroll, contributions will commence the next pay following.

Employees who accept the offer of contributory membership may salary sacrifice their employee contribution, i.e. contributions are deducted before tax. The salary sacrifice value of employee contributions is excluded from the maximum salary sacrifice allowance (i.e. \$15,899 or \$10,934 per annum) available to employees. Refer to the Salary Packaging Policy located in the Human Resources Manual (ADM02).

Staff may elect to salary sacrifice additional superannuation contributions. This offer will be available subject to the employee submitting a written request to the CEO (or in their absence, the General Manager, Human Resources), confirming that financial advice has been received and the contribution value is in line with Australian Taxation Office ("ATO") prescribed levels.

Superannuation contributions for all membership categories, are calculated on employees' total salary (i.e. including any salary sacrifice deductions).

As with Category 2 and 3 contributory memberships, the offer to salary sacrifice additional superannuation contributions (in excess of 5%) will remain open post 1 April 2007. However it will be the employee's responsibility to submit a written request (in accordance with the guidelines detailed above). Once approved and where possible, additional contributions will then commence from the next pay period.

Whilst staff may elect to change their additional contribution salary sacrifice arrangements, this is limited to only one change within a 12 month period.



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If any employee ceases to be a contributory member, their membership status will return to SGC only. Should the employee's circumstances change and they wish to recommence their contributory membership they may make application to do so to the General Manager, Human Resources. Each case will be considered on their individual merits and the effective date for changes will be 1 April of the appropriate year.

Any changes to superannuation and/or tax legislation and/or regulatory requirements will be reflected with an immediate change or removal of this option and no further claim can be made by the employee. Any fringe benefit or associated tax liability that arises as a result of any such changes will be the responsibility of the individual employee.

Increases to Superannuation Guarantee Contributions (SGC)

In September 2014, the Federal Government enacted changes to legislation that will further impact the timing of the Superannuation Guarantee Charge (SGC) increases, effective 1 July 2014.

The new SGC schedule is detailed below:

Effective Date	Rate
From 1 July 2014 to 30 Jun 2021	9.50%
1 July 2021	10.0%
1 July 2022	10.5%
1 July 2023	11.0%
1 July 2024	11.5%
On or after 1 July 2025	12.0%

In accordance with the legislation, RFDS Central Operations will increase employer contributions in line with the above dates.

As a result of the SGC increase, the following superannuation rates will apply to RFDS Central Operations staff from 1 July 2014:

Category 1: 9.5% (SGC)

Category 2: 9.5% (SGC) plus 0.5% additional RFDS contribution
(to a total of 10.0%)

Category 3: 9.5% (SGC) plus 3.0% additional RFDS contribution
(to a total of 12.5%)

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It is important note that effective 1 July 2021 and in subsequent years, the RFDS contribution will change. These changes – the SGC and additional RFDS contribution rates, are detailed below:

Effective Date	Category 1 - SGC	Category 2 – Additional RFDS Contribution	Category 3 – Additional RFDS Contribution
1 July 2014 to 30 June 2021	9.50%	0.50%	3.00%
1 July 2021	10.00%	No additional contribution Category 2 will cease*	2.50%
1 July 2022	10.50%		2.00%
1 July 2023	11.00%		1.50%
1 July 2024	11.50%		1.00%
On or after 1 July 2025	12.00%		0.50%

The RFDS National Superannuation Fund (“the RFDS Fund”)

The RFDS Fund is governed by a trust deed and policy committee comprising three company and three employee representatives.

Employees who elect to join the RFDS Fund will receive information regarding their membership, directly from AMP.

The RFDS Fund provides for member investment choice. Investment choices are the responsibility of the respective employee in line with their respective risk/return profile.

Fund Choice

The RFDS allows contributions to one superannuation fund per employee (i.e. contributions cannot be split and paid into different funds).

The RFDS allows only one fund change within a 12 month period. Every change requires a new completed Standard Choice Form together with written evidence of compliance and acceptance.

The RFDS must action an employee’s choice of fund request within two months of receiving the Standard Choice Form and accompanying documentation, from the employee. However, depending on the RFDS’ payment frequency of contributions, the first contribution payment into an employee’s nominated fund may actually occur after this two month period.



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The employee nominated fund must be a complying fund. When submitting a Standard Choice Form, it is the employee's responsibility to provide the RFDS with the following supporting documentation:

- A letter from the trustee stating that the nominated fund is a complying fund and (for self-managed superannuation) a copy of documentation from the Tax Office confirming that the fund is regulated.
- Written evidence from the fund that they will accept contributions from the RFDS
- Details about how the RFDS can make contributions to this fund

Choice of fund requests will not be actioned until all accurate and fully-completed documentation is received.

In the event an employee's nominated fund becomes non-compliant at any time, their superannuation contributions will be paid into the RFDS Fund until such time that the RFDS receives a new Standard Choice Form (with supporting documentation) from the employee.

Where employees who currently have a defined benefit guarantee, take up the offer to choose another fund other than the RFDS Fund, they automatically forfeit their current defined benefit guarantee. In the event the employee elects to return to the RFDS Fund, their defined benefit guarantee will not be reinstated.

Employees are strongly encouraged to seek independent financial advice with regards to their personal circumstances and their superannuation options.

All queries regarding superannuation should be directed to the General Manager, Human Resources.

