

TODAY'S TOPIC



# Calculating your Defined Benefit

TelstraSuper Division 2

Thank you for joining us.  
We will commence shortly.



Telstra Super Pty Ltd ABN 86 007 422 522, AFSL 236709 (Trustee) is the trustee of the Telstra Superannuation Scheme ABN 63 607 108 833 (TelstraSuper)

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**“We acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past present and emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.”**

**Acknowledgement of Country**

## IMPORTANT NOTICE

This presentation contains factual information and general advice only, including information about financial products. It has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions. Please also consider our financial services guide which is available at [www.telstrasuper.com.au](http://www.telstrasuper.com.au)

If you are considering acquiring a financial product, you should obtain the relevant product disclosure statement and target market determination before making a decision, which are available on our website at [www.telstrasuper.com.au](http://www.telstrasuper.com.au)

Any taxation information in the presentation is factual information only. If you require taxation advice you should consult your accountant or tax adviser.

If you would like to find out more information about TelstraSuper, please contact us by email at **[contact@telstrasuper.com.au](mailto:contact@telstrasuper.com.au)** or use the Contact Form on the website to make a request, and we will arrange for a Member Contact Centre Consultant to call you. Alternatively, you can call our Member Contact Centre Consultants on **1300 033 166** to ask for further information.

Please refer to <https://www.telstrasuper.com.au/about-us/awards> to see further information on our awards from both third-party rating agencies and industry peers that recognise TelstraSuper's achievements in each of the nominated areas.



**TELSTRASUPER  
DEFINED BENEFIT –  
DIVISION 2**



**BENEFIT CALCULATION**



**CONTRIBUTIONS**



**INSURANCE**



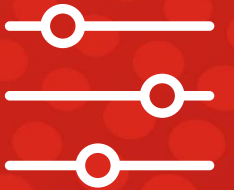
**HOW  
TELSTRASUPER  
CAN ASSIST**



**QUESTIONS**



**TELSTRASUPER DEFINED  
BENEFIT - DIVISION 2**



# Defined Benefit vs. Accumulation



## Defined Benefit



## Accumulation

Formula based	Money grows over time due to contributions and investment returns
No investment risk to the member	Member bears investment risk
No investment choice (except through VAA)	Investment choice
Funded by employer	Member pays fees/costs

# TelstraSuper Defined Benefit



## Fee-free

## Insurance cover

## Investment choice

→ Benefit based on a set formula, independent of investment performance

→ No investment risk to the member

→ Employer and personal contributions

→ Default Death and Total & Permanent Disablement (TPD) Cover

→ Additional Voluntary Death Cover, subject to insurance underwriting

→ Additional Voluntary TPD Cover up to \$5 million, subject to insurance underwriting

→ Member investment choice available on your Voluntary Accumulation Account (VAA)

**Income protection (IP) cover is not available.** However, members can apply for IP cover via TelstraSuper Personal Plus.

Upon leaving Telstra your DB account will **automatically transfer to TelstraSuper Personal Plus**

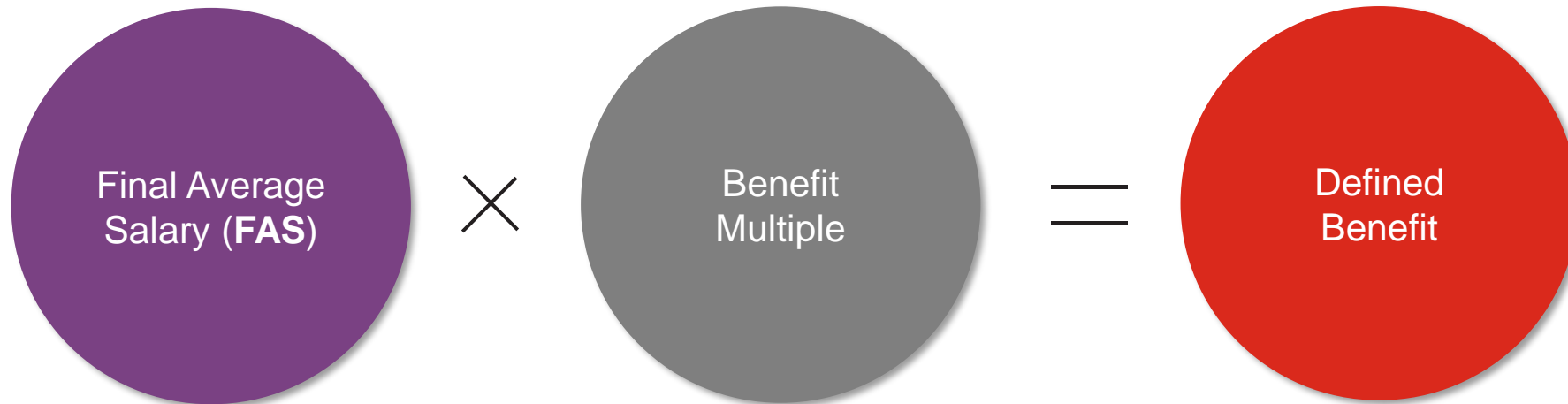


## BENEFIT CALCULATION





# Defined Benefit formula



Refer to the TelstraSuper Division 2 Super Guide for full terms and conditions.

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# Final average salary (FAS)



Your Final Average Salary (**FAS**) is the average of the last three years of super salary\* at your birthday.

Year	Super salary
2021	\$80,000
2022	\$82,500
2023	\$85,000
<b>Final average salary</b>	<b>\$82,500</b>

\* Note - Your super salary is calculated as a percentage of your fixed remuneration. The percentage applied will depend on your Telstra employment band and job category. Refer to the TelstraSuper Division 2 Super Guide for full terms and conditions.

# Benefit multiple



\*A separate multiple is calculated for each period of TelstraSuper Division 2 Membership for which you have a different contribution rate. Refer to the TelstraSuper Division 2 Super Guide for full terms and conditions.

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# Your contribution rate



TelstraSuper Division 2 defined benefit members may elect to contribute between 1% and 10% in multiples of 1%.

If a member elects not to contribute anything they will receive an accrual rate of 8%

The amount you contribute will impact the accrual percentage rate used to calculate your retirement benefit, as shown:

Everyone's situation is different, so how much you should contribute is a personal choice.

However, in our experience, maintaining an average contribution rate of 5% over the period of your defined benefit membership is generally the optimum amount to contribute to maximise your employer support and benefit.

Table A – Average Contribution Rate less than 5%	
Your Elected Contribution Rate	Accrual Percentage
0%	8%
1%	10.4%
2%	12.8%
3%	15.2%
4%	17.6%
5%	20%
6%	22.4%
7%	24.8%
8%	27.2%
9%	29.6%
10%	32%

Table B – Average Contribution Rate equal to or greater than 5%	
Your Elected Contribution Rate	Accrual Percentage
0%	8%
1%	10.4%
2%	12.8%
3%	15.2%
4%	17.6%
5%	20%
6%	21%
7%	22%
8%	23%
9%	24%
10%	25%

Includes Telstra support

Financial advice is available through Telstra Super Financial Planning AFSL 218705 if you wish to discuss increasing your contributions to catch up for previous years, call us on 1300 033 166 for a consultation.

# Voluntary Accumulation Account (VAA)



## Contributions

Additional member contributions  
Government co-contribution



## Rollover in

Any amounts transferred in from other super funds



## Member investment choice

VAA is subject to investment market performance



## Fees and charges

Admin fees \$1.00 per week (currently paid by Telstra) and 0.17% of account balance p.a. and investment fees dependent on your investment choice

# Total benefit





## CONTRIBUTIONS



# Summary of contribution limits



## Pre-tax

(concessional contributions)

Employer contributions, salary sacrifice, personal deductible contributions, insurance premiums paid by your employer

**15% tax**

Annual contribution cap **\$27,500**

### Rolling 5-year catch up

If your total super balance is less than \$500,000 as at end of the previous financial year, any unused concessional contributions cap amounts can be carried forward for up to five years before they expire.



## Post-tax

(non-concessional contributions)

Contribution made from after-tax income and spouse contributions

**0% tax**

Annual contribution cap **\$110,000<sup>\*^</sup>**

### Bring forward rule<sup>^#</sup>

If your total super balance is less than \$1.9 million and aged under 75 you may be able to make up to three years' worth of post-tax contributions (up to \$330,000<sup>\*\*</sup>) in a single year.

\* From 1 July 2022, individuals aged between 67 to 74 are able to make or receive personal contributions and salary sacrificed contributions without meeting the work test, subject to the existing contribution caps. However, they will be required to meet the work test to claim a deduction for personal contributions. To satisfy the work test you must complete at least 40 hours of paid work in a period of not more than 30 consecutive days in the financial year in which you plan to make non-concessional contributions.

<sup>^</sup> Subject to the \$1.9 million total superannuation balance cap. Individuals with a total superannuation balance of \$1.68 million or more are not able to utilise the full bring forward rule.

<sup>#</sup> Must be under age 75 at the start of the financial year and meet other eligibility criteria.

<sup>\*\*</sup> Once you trigger the bring-forward arrangement in a year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

Source: [www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=Contributionscaps1#Contributionscaps1/](http://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=Contributionscaps1#Contributionscaps1/)

[www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/](http://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/)



# Important contribution limits



## ↑ Total super balance

Includes all superannuation funds and retirement income streams

**\$1.9 million**

**No further post-tax (non-concessional) contributions**

If the total superannuation balance across all your superannuation and retirement income streams (not just your TelstraSuper account) is equal to or greater than \$1.9 million at the end of the previous financial year (i.e.30/06/2023).

## Transfer balance cap ↑

Maximum amount that can be transferred from superannuation accumulation funds into the tax-free retirement phase

**\$1.9 million<sup>^</sup>**

**Example**

John retires at age 62 with a total super balance of \$2 million. He is able to commence a retirement income stream with up to \$1.9 million<sup>^</sup>. John can leave the remaining \$100,000 in his superannuation accumulation account and access this money when needed tax-free as he has retired and reached his superannuation preservation age.

TelstraSuper Financial Planning has a team of phone-based Advisers who can provide you with simple advice in relation to your contributions. There's no additional cost for simple phone-based advice as this is included in your TelstraSuper membership. You can contact us on 1300 033 166 or request an appointment with our online contact form. Telstra Super Financial Planning Pty Ltd (TSFP) AFSL 218705 wholly owned by Telstra Super Pty Ltd as trustee for the Telstra Superannuation Scheme (TelstraSuper)

<sup>^</sup>If you start a retirement phase income stream for the first time on or after 1 July 2023, the transfer balance cap is \$1.9 million. Every individual will have their own personal transfer balance cap depending on their circumstances and whether they have already commenced an income stream account.

Source: [www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/?page=5](http://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/?page=5) | [www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/transfer-balance-cap/](http://www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/transfer-balance-cap/)

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# Notional Taxed Contributions (NTC)



## Defined Benefit

- Contributions made to defined benefit funds are not always linked to individual members' account. The contributions are pooled and this defined benefit pool is used to service all members within the fund.
- Therefore, legislation has outlined that the super fund must work out the 'notional taxed contributions' (**NTC\***) for all the members who have a defined benefit interest within the fund.
- Legislation has provided a formula for determining the NTC\*.
- The NTC\* count towards the Concessional contribution cap.

## Accumulation

- The employer contributes Superannuation Guarantee contributions (**SG**) to an individual members' account.
- The total SG contributions count towards the Concessional contribution cap.

\* Your defined benefit is supported by a notional employer superannuation contribution which is costed against your fixed remuneration. The value of the notional employer superannuation contribution is calculated as 15% of your superannuation salary. To understand your NTC please speak to one of the TelstraSuper financial advisers. Please note you are not able to view your NTCs online, however the TelstraSuper financial advice team can calculate your NTC should you need assistance with this.

Source: [www.ato.gov.au/tax-and-super-professionals/for-superannuation-professionals/apra-regulated-funds/managing-member-benefits/defined-benefit-funds-notional-taxed-contributions](http://www.ato.gov.au/tax-and-super-professionals/for-superannuation-professionals/apra-regulated-funds/managing-member-benefits/defined-benefit-funds-notional-taxed-contributions)  
[www.telstrasuper.com.au/managing-your-super/super-products/telstra-defined-benefits/make-the-most-of-your-defined-benefit2](http://www.telstrasuper.com.au/managing-your-super/super-products/telstra-defined-benefits/make-the-most-of-your-defined-benefit2)

# Notional Taxed Contributions (NTC)



The formula for calculating Notional Taxed Contributions:

$$\left[ \left( \text{Notional Taxed Contribution Rate} \times \text{Superannuation Salary at 1 July} \right) - \text{Post-tax member contributions} \right] \times 1.2$$

<b>Current Contribution Rate</b>	0%	1%	2%	3%	4%	5% to 10%
<b>Notional Taxed Contribution Rate</b>	5%	6%	7%	9%	10%	12%

Source: Refer to TelstraSuper Division 2 Defined Benefit guide for full terms and conditions.

# Notional Taxed Contributions (NTC)



**Terry** is a 41-year-old TelstraSuper Defined Benefit member with a Superannuation Salary of **\$75,000**

## For 2022/23 financial year

- Pre-tax contributions: **5%** of his Superannuation Salary
- Notional Taxed Contribution Rate: **12%**

Terry's Notional Taxed Contribution Rate 12% x Super Salary at 1 July i.e. \$75,000	\$9,000
Less post-tax member contributions to his defined benefit	- \$0
Sub total	\$9,000
Multiplied by	X 1.2
<b>Equals Terry's Notional Taxed Contributions</b>	<b>= \$10,800</b>



**INSURANCE**



# Default death and total and permanent disability cover

- Default level of Death and Total and Permanent Disability (**TPD**) cover provided at no cost to you until the age of 60.
- In the unfortunate event you pass away or qualify for a TPD benefit before you reach age 60, your Defined Benefit will be calculated using the benefit multiple built up at the date of your death or TPD. There will also be a prospective multiple that represents the period between your date of death or TPD and the date you would have reached age 60\*.
- If you're older than 60, your death or TPD benefit is calculated in the same way as if you'd retired on the day of your death or TPD, using the benefit multiple you had accrued to that date.

\*The Prospective Multiple assumes an Average Contribution Rate of 5% from the date of your death or TPD until age 60, and assumes that your FAS remains the same for that period.



# Voluntary death and total and permanent disability cover

You can apply to increase your level of death and/or total and permanent disability (TPD) cover above your default cover\*.

Any insurance in addition to your default cover is referred to as voluntary cover^.

You can apply for any amount of voluntary death cover.

You can apply for a maximum of \$5 million voluntary TPD cover including your default TPD cover.

To increase voluntary death & TPD cover you can do so by:

1. Completing the [Insurance Telephone Application Request form](#) and returning the completed form back to us; or
2. Calling us on **1300 033 166** to have the form sent to you.

\*subject to insurance underwriting requirements and assessment by our insurer.

^Voluntary Death and TPD cover for Defined Benefit members is provided under the MLC Life Insurance Death and TPD G3633-GL Policy. For all terms and conditions, please refer to the TelstraSuper Personal Plus Product Disclosure Statement and Insurance Guide. These are available at [telstrasuper.com.au](http://telstrasuper.com.au)

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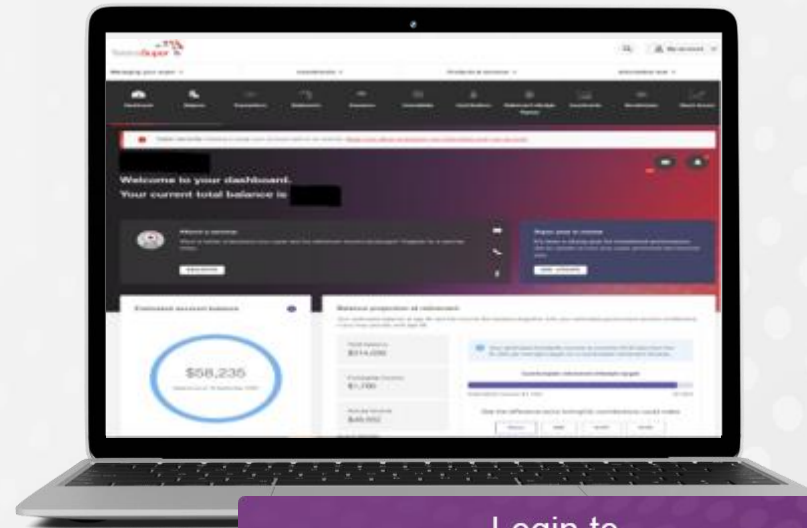
**HOW TELSTRASUPER  
CAN ASSIST YOU**





# Keeping in touch with your super

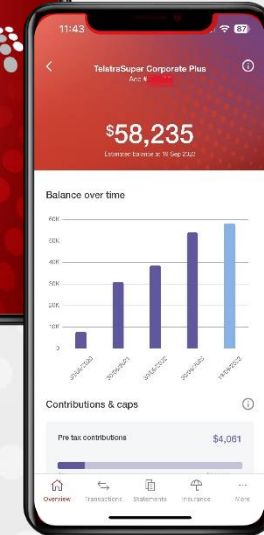
- ✓ Update your personal details
- ✓ Provide your personal email address
- ✓ Check your account balance
- ✓ Review your insurance cover
- ✓ View your nominated beneficiaries and make a non-binding nomination
- ✓ Review your investment options and investment returns
- ✓ Keep track of pre-tax contributions against the concessional contribution caps
- ✓ Review benefit statements
- ✓ View latest contributions and transactions



Login to SuperOnline at [telstrasuper.com.au](https://telstrasuper.com.au)



Available on Android and Apple iOS.



# Four financial advice services to empower you



## **SUPER** *sorter*

Simple phone advice and info designed to help you maximise your super.

**No additional cost to members**

Included in membership



## **STEP** *it up*

Want to take that next step with your super or finances? We'll find you a simple solution.

**Low cost Options**

\$500 - \$900 per topic per person  
(+GST if applicable)



## **BIG** *picture it*

Let's check out your whole financial situation and make a plan.

**One off fee for service**

\$1000 - \$3000  
(+GST if applicable)



## **STAY** *on track*

Ongoing expert advice on super and wealth. We'll nudge and encourage you, keeping you on track as life changes.

**Annual fee for service**

\$1750<sup>^</sup> pa or \$2300<sup>^</sup> pa  
depending on advice  
(+GST if applicable)

Financial advice is provided by Telstra Super Financial Planning Pty Ltd (TSFP) AFSL 218705. TSFP is wholly owned by TelstraSuper Pty Ltd (TSPL) in its capacity as trustee for the Telstra Superannuation Scheme (TelstraSuper). Refer to the current TSFP Financial Services Guide (FSG) on our website [www.telstrasuper.com.au](http://www.telstrasuper.com.au) for important information about the services. Advice fees are current as at 1 October 2023.

<sup>^</sup>The ongoing advice service provides our clients with a review of the advice previously provided by us within the last 12 months, however if additional advice is required outside of this scope, due to changes in client's circumstances, additional costs may apply. Further information about costs are included in the client agreement

HOW TELSTRASUPER CAN ASSIST YOU

# Share the benefits



## We're open to everyone



As a leading profit-to-member fund, TelstraSuper is committed to helping our members **build a financial outcome in retirement they can look forward to.**

We're now open to everyone, so your friends and family can join.



## ACTION ITEMS

# Tips for you to consider

- ✔ Review your DB benefit, investments in the VAA (if any), insurance cover, beneficiaries
- ✔ Review your contribution to ensure you are making the most of Telstra's support
- ✔ Seek advice from TelstraSuper Financial Planning should you require tailored advice\*

\* Fees may apply



THANKS FOR YOUR TIME

# We're happy to answer your questions



1300 033 166

8:30am - 6:00pm (Melbourne time) Monday to Friday



[talkingsense@telstrasuper.com.au](mailto:talkingsense@telstrasuper.com.au)



[telstrasuper.com.au](https://telstrasuper.com.au)



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*Your leading profit-to-member fund*

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