



Hon Tim Nicholls MP
Member for Clayfield
Treasurer and Minister for Trade

TRY-02724

Mr R Scheuber
Chairman
QSuper Board of Trustees
GPO Box 200
BRISBANE QLD 4001

Dear Mr Scheuber

Sch. 3(2)(1)(b)

I also understand that under the provisions of the *Superannuation (State Public Sector) Deed 1990* (QSuper Deed), QSuper members generally cannot roll out their monies to another superannuation fund until they cease employment. The members who have written to me believe that it would be in their best interests to have control over where their superannuation monies are invested. I am happy to support their requests even though there are potential defined benefit funding implications for Government. Consequently, I ask that the QSuper Board consider a change to the QSuper Deed to allow members to roll out their accrued balances irrespective of employment status. This will provide members with control over their superannuation money in the absence of choice and would of course be subject to any conditions prescribed under Commonwealth superannuation legislation.

I thank the QSuper Board for giving consideration to this issue at its earliest convenience.

Yours sincerely

Tim Nicholls
Treasurer and Minister for Trade

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BRIEFING NOTE

FROM	Treasury and Trade		
FOR	Treasurer and Minister for Trade		
SUBJECT	Superannuation Portability for Defined Benefit Members		
Contact Officer:	Glenn Miller, Fiscal and Financial Management Branch, 303 51962	Record No: TRY-03302	Date: 14 March 2013
Requested by:	N/A	Date Approval Required By: / /	

PURPOSE

1. The purpose of this submission is to seek your:
 - Signature on the attached letter to Mr Bob Scheuber, Chairman of the QSuper Board of Trustees (the Board) advising that Defined Benefit members wishing to transfer existing entitlements out of QSuper whilst still employed (Portability) should first transfer 100% of their entitlements to an Accumulation account, rather than being permitted to continue contributing to their Defined Benefit account.

BACKGROUND

2.

Sch. 3(2)(1)(b)

3. On 18 February 2013 Mr Scheuber replied to your letter advising that, at its meeting of 14 February 2013, the Board approved incorporating the required Deed changes for Accumulation members, consistent with the Federal Government superannuation legislation.

ISSUES

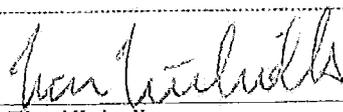
4. The Board has sought your guidance as to whether Defined Benefit members wishing to pursue Portability should be allowed to continue contributing to the Defined Benefit account, noting this would affect the employer cost of the Defined Benefit scheme.
5. The cost impact is related to the formula that has been established to determine the transfer value of Defined Benefit entitlements (defined as the benefit payable on resignation), where the value determined under the formula generally exceeds the accrued liability of the scheme. This is considered appropriate as the additional cost would be offset by the lower future benefit costs under the Accumulation Plan, while the State benefits from risk reduction and members benefit from greater flexibility.
6. However, these costs would not be offset if the member were allowed to continue to contribute to their Defined Benefit account, nor would the State receive the same risk reduction benefit.
7. Accordingly, the State Actuary does not recommend directly extending Portability to Defined Benefit accounts. Rather, Defined Benefit members wishing to pursue Portability should first transfer their entire Defined Benefit to the Accumulation Plan, from which they can utilise the Portability arrangements. This provides access to Portability for all members without increasing the cost of the Defined Benefit scheme to the State.

RECOMMENDATION

That you

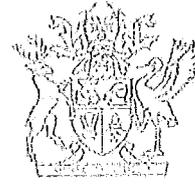
- Sign on the attached letter to Mr Bob Scheuber, Chairman of the QSuper Board of Trustees advising that Defined Benefit members wishing to pursue Portability should first transfer 100% of their entitlements to an Accumulation account, rather than being permitted to continue contributing to their Defined Benefit account.

Helen Gluer
 Helen Gluer
 Under Treasurer Date 12/3/13

<input checked="" type="checkbox"/> Approved Treasurer and Minister for Trade	<input type="checkbox"/> Not approved Comments	<input type="checkbox"/> Noted
 Tim Nicholls Treasurer and Minister for Trade 25/3/13		

Name:	*Action Officer/Author:	Director:	(Initials)	ED/AUT:	(Initials)	OUT:	(Initials)
Glenn Miller	Glenn Miller	Lelgh Pickering		Dennis Molloy	DM		
Branch/Division:	Fiscal and Fin Mgmt	Fiscal and Fin Mgmt		Fiscal and Macro			
Telephone:	303 51962	303 51977		303 51988			
Date:	14 March 2013	14/3/13		15/3/2013		1/1	

* This officer may be required to provide further detailed information regarding the issue



Hon Tim Nicholls MP
Member for Clayfield
Treasurer and Minister for Trade

TRY-03302

26 MAR 2013

Mr Bob Scheuber
Chairman
QSuper Board of Trustees & QSuper Limited Board
GPO Box 200
BRISBANE QLD 4001

Dear Mr Schueber *Bob,*

Sch. 3(2)(1)(b)

I appreciate the short timeframe in which the QSuper Board of Trustees (the Board) gave consideration to these issues and am pleased to note the Board's approval of incorporating the required Deed changes to allow Portability for Accumulation members.

In relation to Portability for Defined Benefit members, I note your advice that allowing Defined Benefit members to have Portability while being permitted to continue contributing to the Defined Benefit account has implications for the employer cost of the Defined Benefit Scheme.

I consider that it is appropriate for Defined Benefit members to access Portability by first transferring 100% of their entitlements to an Accumulation account, rather than allowing continuing contributions to their Defined Benefit account. This will ensure that the introduction of Portability is achieved on a basis consistent with the existing arrangement under which Defined Benefit members can transfer their entitlements to an Accumulation account.

Sch. 3(2)(1)(b)

Sch. 3(2)(1)(b)

I look

forward to meeting with you and the QSuper CEO in the near future to discuss these issues further.

Yours sincerely

Tim Nicholls
Treasurer and Minister for Trade

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Pages 5 through 30 redacted for the following reasons:

Access Deferred - RTI Documents 5-6
Sch.3(2)(1)(a)

RTI RELEASE