

BULLETIN 1: Reforms to the Management and Administration of NTGPASS

What is this bulletin about?

This bulletin provides information regarding upcoming reforms to the management and administration of NTGPASS.

As a NTGPASS member, you have an accumulation account that contains all your regular contributions and investment earnings on those savings. You also have an entitlement to receive a defined benefit that is paid by the Northern Territory Government (NTG) when you leave NTGPASS.

To address emerging risks related to the IT system used for NTGPASS and the highly specialised taxation and prudential reporting requirements for superannuation funds, there will be a range of management and administration reforms to the NTGPASS arrangements. This includes, among other things, a successor fund transfer (SFT) of all NTGPASS accumulation accounts to an external superannuation fund to manage and invest your member savings on your behalf.

Your NTGPASS defined benefit will not change, and will continue to be paid to you by the NTG when you cease membership of the scheme (for example, on your retirement).

This bulletin provides information on the management and administration reforms.

How will this affect you?

At present, you have an NTGPASS accumulation account that receives your compulsory and voluntary member contributions each fortnight. It contains your savings, and investment earnings on them.

When you cease NTGPASS membership (usually on resignation or retirement) and claim your benefit, the NTG deposits your NTGPASS defined benefit into your accumulation account before the total amount is paid out.

Under the reforms:

- your NTGPASS accumulation account will be transferred to a different superannuation fund to manage and invest
- after this *initial* transfer, you will have the freedom and choice to transfer your accumulation account to a different fund to manage. This includes to your self-managed superannuation fund if you have one
- your compulsory NTGPASS member contributions will then go to your new superannuation fund each fortnight. You can also choose to pay your compulsory member contributions to a different fund
- when you cease NTGPASS membership, the NTG will pay your NTGPASS defined benefit into the new successor fund or a complying superannuation fund of your choice. (Your benefits could also be paid directly to you if you satisfy a condition of release).

What is a successor fund transfer?

A SFT is a compulsory transfer of member benefits from one superannuation fund to another superannuation fund.

In this case, all NTGPASS accumulation accounts will be transferred at the same time to another superannuation fund at a specified date. That successor fund will then become responsible for managing and investing your superannuation contributions and earnings.

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Commonwealth and Territory legislation require that the transfer must be in the best interests of members like you and that the successor fund confers rights and benefits at least equivalent to those available with NTGPASS accumulation accounts.

The date of the transfer is yet to be determined.

Why is there a SFT?

NTGPASS closed to new members in August 1999. Since then the number of NTGPASS members has declined from over 12 000 to less than 2700 members today.

As NTGPASS membership continues to decline, it is becoming increasingly difficult for NTGPASS to provide its members with the same investment returns as larger superannuation funds. At the same time, tax and regulatory compliance obligations are increasing, making NTGPASS increasingly difficult and complex to administer.

Many superannuation funds have accumulation account features similar to NTGPASS accounts, however, because of their size, they can offer significantly better products and services.

These include online services, insurance options, the ability to select multiple investment options, pension products and the ability to nominate death benefit beneficiaries, all of which are unavailable for NTGPASS members.

Government has made the decision that it is in your best interest for it to cease administering NTGPASS accumulation accounts, and to transfer those accounts to an external superannuation fund to manage and invest on your behalf – giving you access to a range of contemporary services and investment options that the NTG cannot offer.

Importantly, your NTGPASS defined benefit will be unaffected.

Where will your account be transferred?

The assessment process to select the successor fund is currently underway.

NT Superannuation Office (NTSO) is responsible for selecting a suitable successor fund and ensuring that the transfer to the new fund is in your best interest.

The Superannuation Trustee Board will review the NTSO's recommendation successor fund, and then decide which fund is to be the successor fund. The Board is responsible for protecting your best interests.

You will be provided with further details about the new superannuation fund once it is selected.

When will the transfer occur?

The date of transfer has not yet been determined. It is anticipated the transfer will occur in the first half of 2019.

Before the transfer occurs, legislative amendments need to be made.

What's next?

The NTSO will conduct seminars for NTGPASS members in the Territory's major population centres at the end of June 2018 (and at other times as required).

You will be notified by email of each significant development along the way, including the identity of the successor fund, details of its offerings to NTGPASS members, and the updates on the transfer timeline.

Information is also available on the NT Superannuation Office [website](#).

A Significant Event Notice will also be sent to your postal address closer to the transfer date, setting out all the critical information regarding the transfer and the final timeline.

Keep in contact with us

Please remember to keep us informed if you change your postal or email contact details.

This will ensure we can keep you up to date with the latest developments.

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Frequently Asked Questions

Is the transfer compulsory?

Yes, all NTGPASS accumulation accounts will be transferred to the successor fund. After the transfer occurs you will have the freedom to transfer your accumulation account to another complying fund to manage. This includes to your own self-managed superannuation fund if you have one.

How will the SFT benefit you?

The successor fund will give you access to a more contemporary superannuation provider. It will be able to offer you additional insurance, flexible and more investment options, online facilities, and the ability to choose your superannuation beneficiaries in the event of your death.

Once the initial transfer has occurred, you will also have the freedom to move your accumulation account to a different complying fund of your choice.

How will the successor fund be chosen?

The NTSO will seek proposals from superannuation funds to become the successor fund.

This will be done as an open process, with clear selection criteria and weightings, in a similar way to a government procurement process.

An assessment panel will consider the different applications, and then recommended fund. The Superannuation Trustee Board will review the recommendation, and then make the final decision on the right successor fund for NTGPASS members.

Will you still need to make NTGPASS member contributions?

Yes, you will continue to have NTGPASS member contributions (between 2-6 per cent) deducted from your fortnightly salary, and paid to the successor fund. After the transfer you can choose to have your member contributions paid to a different fund of your choice.

Will your NTGPASS member contributions still be subject to annual review in October?

Yes, your 1 October salary and approved allowances will continue to be used to calculate the amount of your NTGPASS member contributions and your defined benefit.

What will happen to your NTGPASS defined benefit?

There is **no change** to your NTGPASS defined benefit. This will continue to be paid by the NTG when you cease membership of NTGPASS.

Can you still switch investment options?

Yes. The successor fund will also have a wider range of investment options than currently provided within NTGPASS. Details on the options available will be provided when the successor fund is known.

Are there any fees involved in the SFT?

No. NTGPASS will not charge an exit fee when transferring your superannuation savings to the successor fund.

Will you have to pay fees to the new fund?

All funds, including NTGPASS, charge their members investment fees. These fees reduce the investment returns received by members. As a much larger fund, it is expected the successor fund will have lower investment fees than NTGPASS.

You are not currently charged an administration fee, but if one was imposed to cover the NTSO's costs then you would pay about \$700 per year.

Any administration and investment fees payable to the new fund will be transparent, and will give you the information you need when deciding whether to roll over your superannuation to another fund.

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