Sample superannuation note for the year ended 30 June 2013

To be inserted in Note 1 – Statement of accounting policies under the sub-note "Employee Benefits"

Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by [Employer name] to the relevant superannuation plans in respect to the services of [Employer name]'s staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that [Employer name] is required to comply with.

To be inserted in Note 1 – Statement of accounting policies under the sub-note "New accounting standards and interpretations that are not yet effective"

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	1 January 2013/ 1 July 2013	Insert appropriate statement from the alternative statements below #. Where adequate information is available, the entity will apply the new standard from 1 July 2013 when the new standard applies to [Employer name].

Alternative statements:

1. The entity is yet to assess its full impact.

   or

2. Had the entity adopted the new rules in the current reporting period, comprehensive operating statement for the current period would have been approximately $******* [higher/lower] than reported. The entity expects a similar impact on comprehensive operating statement^ in the 2014 financial year. In the balance sheet as at 30 June 2013, retirement benefit obligations included in employee benefits would have been $***** [higher/lower], deferred tax [assets/liabilities] $***** [higher/lower] and accumulated funds $****** [higher/lower].

   ^ - assumes that there has been no change in the statements forming part of the entity's financial statements. If any additional statements are included, consider what additional disclosures are required here
   *** - insert appropriate amount
   [ ] - select the appropriate option to describe the impact

   or

3. As there is inadequate information available, the entity is unable to assess the full impact.

To be inserted in the Notes to the Financial Statements under the heading "Superannuation"

[Employer name] makes the [all/majority] of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from [Employer name] and the [Employer name]'s legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are due.

[Insert similar note for any other funds that the employer contributes to]

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

Defined Benefit

The Fund's Defined Benefit category is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated to each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, [Employer name] does not use defined benefit accounting for these defined benefit obligations. **AASB 119 30 (b) (i) 30 (b) (ii) 32 (b)**

[Employer name] makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, [Employer name] makes employer contributions to the Fund’s Defined Benefit category at rates determined by the Fund’s Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12). **AASB 119 30 (c) (iii)**

In addition, [Employer name] reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

[Employer name] is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to makes member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of $406 million (excluding contributions tax) in the defined benefit category of which [Employer name] is a contributing employer. [Employer name] was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. [Insert either:

1. [Employer name] has not been advised of any further adjustments.

   or

2. [Employer name] has been advised of an $[insert relevant amount] adjustment to this shortfall amount on [insert date that the advice was received]].

The projected value of [Employer name]'s contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to $[insert relevant amount from the 2011/12 superannuation disclosure note] which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note [relevant note number]) and in the Balance Sheet in Current Liabilities Provisions (see Note [relevant note number]). [Insert either:

1. No further amount has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note [relevant note number]) and in the Balance Sheet in Current Liabilities Provisions (see Note [relevant note number]).

   or

2. [Employer name] received an early payment discount of $[Insert relevant amount] and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note [relevant note number]) and in the Balance Sheet in Current Liabilities Provisions (see Note [relevant note number])

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the [Employer name]'s financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The amount of the unpaid shortfall at 30 June 2013 is [$insert relevant amount] ($insert unpaid amount for 2011/12). This unpaid amount is included in the Balance Sheet in Current Liabilities Provisions (see Note [relevant note number]).

Retrenchment increments

During 2012-13, [Employer name] [was/was not] required to make payments to the Fund in respect of retrenchment increments ($[amount disclosed in last year's note] in 2011/12). [Employer's name]'s liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax is $[insert relevant amount] ($[amount disclosed in last year's note] in 2011/12).

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11 $'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

[Sub-note number] Superannuation contributions

Contributions by [Employer name] (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2013 are detailed below:

Scheme	Type of scheme	Rate	2013 $'000	2012 $'000
Vision Super	Defined benefits	9.25%	[Insert amount]	[Insert amount disclosed in the 2012 note]
Vision Super	Accumulation Plan	9.00%	[Insert amount]	[Insert amount disclosed in the 2012 note]
[Insert any other relevant funds]	[Insert relevant description]	[Insert relevant percentage]	[Insert amount]	[Insert amount disclosed in the 2012 note]

There were [$relevant amount/no] contributions outstanding and [$relevant amount/no] loans issued from or to the above schemes as at 30 June 2013.