



## STATE SUPERANNUATION SCHEME (SSS)

## 2. Unit entitlement

Fact sheets about related topics are

- SSS 1. Salary for superannuation purposes
- SSS 3. Contributions

### WHAT ARE UNITS?

The amount you contribute to SSS, and in most cases the benefits you receive, are based on the number of units to which you are entitled. The higher your *superable salary*, the more units you receive. In pension terms, the full value of a unit on normal retirement is \$5.50 per fortnight.

### HOW IS MY UNIT ENTITLEMENT CALCULATED?

You are entitled to one unit for each \$260 of your superable salary. In addition, each member is entitled to a further number of units — approximately 25 more units. The number of these additional units is adjusted each quarter for inflation.

We send you a notice once each year — on your Annual Review Day — that tells you how many units you have become entitled to as a result of inflation adjustments and increases in your salary.

You have benefit cover on new units from your Annual Adjustment Day, which is generally 3 contribution periods after your Annual Review Day.

Your Annual Review and Annual Adjustment Days are as follows:

Birthday	Salary Annual Review Day	Contribution Annual Adjustment Day (first pay day on or after)
1 January to 30 June	28 July	21 October
1 July to 31 December	9 February	5 May

### DO I HAVE TO CONTRIBUTE FOR ALL OF MY UNITS?

You do not have to contribute for units that would increase your total contributions to more than 6% of your salary. Units that would increase your personal contributions above 6% of your salary are optional and you can elect to abandon them when you receive your Annual Review Day notice.

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The State Superannuation Scheme (SSS) is administered by Pillar Administration on behalf of the Trustee, SAS Trustee Corporation (STC). SSS is governed by the *Superannuation Act 1916*, the *State Authorities Non-contributory Superannuation Act 1987* and the *Superannuation Administration Act 1996*. The Scheme is also subject to Commonwealth superannuation and tax legislation.

Reasonable care has been taken in producing the information in this Fact Sheet and nothing in it is to be regarded as personal advice. If there is any inconsistency between the information in this Fact Sheet and the relevant Scheme legislation, the Scheme legislation will prevail. In preparing this Fact Sheet, STC has not taken into account your objectives, financial situation or needs and, because of this, you should consider your personal circumstances and possibly seek professional advice, before making any decision that affects your future.

To the extent permitted by law, STC, its directors and employees do not warrant the accuracy, reliability or completeness of the information contained in or omitted from this Fact Sheet.

Abandoned units can be paid for later and gain full benefit value (pension of \$5.50 per unit per fortnight) or they can be retained as reduced value units (\$3.30 per unit per fortnight — employer share only) if not taken up at all.

The employer-financed share of an abandoned unit is still payable as a benefit on invalidity, retrenchment, retirement or death (see **WHAT ARE REDUCED VALUE UNITS?** below).

You can elect to contribute for previously abandoned units when you receive your Annual Review Day notice. However, contributions have to be made for at least 2 1/2 years before the full benefit entitlement of such a unit is payable on invalidity, death and, in certain cases, early voluntary retirement. Your personal contributions will be refunded if the unit does not qualify for full benefit payment.

### **WHAT ARE REDUCED VALUE (OR ABANDONED) UNITS?**

Because you have not contributed for them, units that you have elected to *abandon* have a lower benefit value (pension of \$3.30 per unit per fortnight), and these are called *reduced value units*. This term also applies to previously abandoned units for which personal contributions have not been made for the minimum period of 2 1/2 years required to attract full benefit payment on invalidity, death or in certain cases of early voluntary retirement.

### **WHAT HAPPENS TO MY UNITS IF MY SALARY IS REDUCED?**

If your salary is reduced to a lower unit group, contributions for all units will continue to be deducted from your salary, unless you request a contribution reduction within 2 months of the date on which you are first paid the reduced salary. However, units in excess of the number appropriate to your reduced salary will not attract benefits in the event of retirement or death, unless the reduction in salary resulted from ill-health or any other reason that the Trustee considers warrants keeping the higher unit entitlement. However, contributions you have paid for units that do not attract benefits, will be refunded at the time of benefit payment.

Applications to reduce contributions or retain higher unit cover following salary reduction should be submitted to the scheme administrator.

### **AGED 55 OR MORE?**

If you experience a single salary reduction (for any reason) of 20% or more after reaching age 55, you can protect the benefits accrued on the higher salary by deferring (preserving) them in SSS until you retire. You can also elect to be covered by the State Authorities Superannuation Scheme (SASS) for the remainder of your service, and contribute for benefits in that scheme based on your new salary. If you do not make this election, you will automatically become a member of the First State Super scheme, unless you instruct your employer to pay Superannuation Guarantee contributions to an alternative scheme.

You must submit an election to defer your benefits within 2 months of the salary reduction. Your employer must certify that the salary reduction was at least 20% and that it occurred after you reached age 55.

The benefit you accrued in SSS can be deferred as a pension, lump sum, or combination of both. A pension is adjusted by movements in the CPI during the time it is deferred. The pension begins to be paid to you when you retire (subject to Commonwealth preservation requirements) – there are no pension arrears payable.

Alternatively, you can elect to commute (exchange) all or part of the pension for a lump sum amount. A deferred lump sum is adjusted for investment earnings. The lump sum is paid to you when you retire (subject to Commonwealth preservation requirements).

A lump sum election must be made within 3 months of the salary reduction and no amendment or withdrawal of an election can be accepted. If you do not make an election to commute your pension at the time of your salary reduction, you cannot elect to commute your pension at exit or at age 60, if applicable.

In the event of your death before retirement, a pension of two-thirds of your entitlement would be payable to an eligible spouse or de facto partner (which may include a partner of the same sex). The spouse/de facto partner's pension is not affected by any election you made to convert all or part of your own pension to a lump sum. If you had made such an election, your spouse/de facto partner's benefit calculation would also include the deferred lump sum amount.

When you elect to defer your SSS benefit, your lump sum Basic Benefit (3% award) entitlement and any Commonwealth Government Co-contributions are also deferred. These are also adjusted for investment earnings during the time the benefit is deferred. On joining SASS, you will accrue the Basic Benefit according to your lower salary, in addition to the contributory benefits accruing in SASS.

### WHAT ARE INSTALMENT RATE UNITS?

To assist members in meeting the cost of contributions at an older age, any new units that you get within 5 years of retirement are payable at a special, lower rate. Any balance of contributions owing on these instalment rate units is payable when you retire. See **SSS Fact Sheet 3, Contributions** for more information.

### RESERVE UNITS

Members contributing for their full unit entitlement may elect to contribute for up to 8 reserve units. When you have contributed for reserve units for at least 10 years (or at least 1 year if you are aged 50 years or over), you may substitute one reserve unit for each new or previously abandoned unit available to you. If you substitute reserve units, your contributions are switched from the reserve units to the new units. This can help to lessen the impact of the higher rate of contribution otherwise payable for units at an older age, although contributions are payable for a longer period. If you do not elect, or are not eligible to convert your reserve units to new units prior to exit, then the contributions that you have made towards these units and interest, calculated at the scheme earning rate, will be refunded to you.

## more information

If you need more information, please contact us:

Telephone: 1300 130 096 (for the cost of a local call, unless calling from a mobile or pay phone)  
8.30 am to 5.30 pm, Monday to Friday.

Personal interviews: Level 18, 83 Clarence Street, Sydney NSW 2000  
Please phone (02) 9238 5540 to make an appointment.

Postal address: State Super, PO Box 1229, Wollongong NSW 2500

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