

Basic Benefit

The benefit entitlements set out in this Fact Sheet assume that your service throughout your membership has been worked on a full-time basis. Benefit entitlements based on service are reduced to take account of any periods where your service has been less than full-time due to part-time employment or leave without pay (including part-time leave without pay).

What is the basic benefit?

As a member of the State Authorities Superannuation Scheme (SASS), State Superannuation Scheme (SSS) or the Police Superannuation Scheme (PSS), you are automatically entitled to an award-type benefit called the basic benefit (assuming that you do not receive a similar employer-financed benefit from another scheme).

This benefit is additional to any other benefit payable from these schemes. You do not have to contribute for the basic benefit as it is fully paid for by your employer.

Your basic benefit accrues at a rate of up to 3% of your final average salary for each year of service from 1 April 1988. Generally, a period of leave without pay of more than five days will not count as service for the accrual of your basic benefit.

In the case of death, invalidity or retrenchment before age 55, the benefit amount is based on final salary. In other circumstances of exit before age 55 (for example resignation) or on exit after age 55, the benefit is based on final average salary.

Final salary

Final salary is the amount of salary for superannuation purposes, paid or payable on your exit date.

Final average salary

SASS and PSS members

Final average salary is the average of the salaries for superannuation purposes, paid on your exit date and as at 31 December in each of the two preceding years.

SSS members

Final average salary is the average of the salaries paid on your exit date and the two preceding annual review days.

When can I receive payment of my basic benefit?

In accordance with Commonwealth and scheme legislation, your basic benefit can be paid to you, after you leave NSW Public Sector employment, and you satisfy a condition of release:

- you have reached the Commonwealth 'preservation age' (see table on page 2) and you certify that you have retired permanently from the workforce
- you have reached age 60 and cease an employment arrangement
- you reach age 65, even if you continue to work
- you satisfy conditions for payment on financial hardship or compassionate grounds
- your benefit is less than \$200.

All of your benefit would also be paid on death or total and permanent invalidity.

The STC schemes are administered by Mercer Administration Services (Australia) Pty Ltd on behalf of the schemes' trustee, SAS Trustee Corporation (STC). STC is governed by the *Superannuation Act 1916*, the *State Authorities Superannuation Act 1987*, the *State Authorities Non-contributory Superannuation Act 1987*, the *Superannuation Administration Act 1996* and the *Police Regulation (Superannuation) Act 1906*. The schemes are also subject to Commonwealth superannuation and tax legislation.

STC has published this fact sheet. STC is not licenced to provide financial product advice in relation to the STC schemes or to their members.

Reasonable care has been taken in producing the information in this fact sheet and nothing in it is intended to be or should 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. 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 or omitted from this fact sheet.

Commonwealth 'preservation age'

Commonwealth provisions require part of your superannuation benefit to be preserved in an approved superannuation fund until you cease employment after reaching age 60 or retire from the workforce at or after the Commonwealth preservation age (although earlier payment may be made in certain circumstances - see page 1).

Your preservation age depends on when you were born. If you were born on or before 30 June 1964, you have already reached your preservation age. If you were born on or after 1 July 1964, your preservation age is age 60.

Can I roll out a basic benefit that is not immediately payable?

You can elect to roll out the basic benefit if it would otherwise be preserved within the fund due to the Commonwealth preservation rules. Under the scheme rules you cannot, however, elect to have a scheme contributory benefit paid out of the scheme and leave just the basic benefit deferred. When the contributory benefit is paid out of the scheme, the basic benefit must be transferred to a complying superannuation fund.

Contribution and surcharge taxes

Since 1 July 1988, Commonwealth tax at the rate of 15% has been payable on employers' contributions. Consequently, employer-financed benefits paid for service from 1 July 1988 have been reduced by 15%. However, the benefit reduction is offset by lower taxation payable when you receive the benefit. The amounts shown in the Annual Statement we send you each year are calculated after the benefit reduction has been applied.

Before payment, the benefit calculated will also be reduced, if appropriate, by any family law split, contributions surcharge tax debt, no TFN tax debt or benefit amounts already paid to you on financial hardship or compassionate grounds.

No benefits tax is payable on superannuation lump sum payments if you are over the age of 60 when the lump sum benefit is received. If you are under 60, tax may be payable.

Please see STC Fact Sheet 3: *Taxation*, for details of the Commonwealth tax rules regarding superannuation, including:

- the amount of tax payable on superannuation benefit payments at certain ages, and
- the importance of providing your TFN.

Benefits are not assignable

A basic benefit that becomes payable cannot be assigned, charged or passed on to another person. This means that a member cannot use a prospective benefit entitlement as security for a current debt or liability. However, when leaving employment, a member may direct the administrator, Mercer, to pay the benefit to a bank, building society or credit union account.

More information

If you need more information, please contact us:

Telephone: SASS 1300 130 095 SSS 1300 130 096 PSS 1300 130 097 Deferred Benefits 1300 130 094
8.30 am to 5.30 pm, Monday to Friday.

Personal interviews: Please phone to make an appointment.

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