RETIREMENT BENEFIT

What is the retirement age?

Generally, contributors to SASS are eligible for a retirement benefit on leaving employment from the age of 58 onwards. However, members who were transferred into SASS when their original scheme closed, may be eligible for a retirement benefit on leaving employment from age 55. Your eligible retirement age (55 or 58) is shown on your SASS Annual Statement.

What is the benefit?

The benefit is usually paid as a lump sum, made up of the balance in your contribution account plus an employer-financed benefit based on your accrued benefit points (see SASS Fact Sheet 3: Benefit Points System, for a full explanation). Some members may retain access to a pension option.

Your employer will subsidise your benefit up to an average of 6 benefit points for each year of SASS membership with an overall maximum of 180 points (over 30 years of membership).

How is the retirement benefit calculated?

On any form of exit from SASS at or after your eligible retirement age (generally age 58), your retirement benefit will be made up of:

(a) the balance of your personal account, and
(b) the employer-financed benefit, which is 2.5% of your final average salary for each accrued benefit point (the salary percentage is 3% for former members of the State Public Service Superannuation Fund), and
(c) the basic benefit, which is up to 3% of your final average salary for each year of service from 1 April 1988, and
(d) any Commonwealth Government contribution amount, and
(e) any additional employer contribution (AEC) account balance. Not all SASS members will have an AEC account, as it only applies to members whose employment after 30 June 2013 was subject to NSW Public Sector Wages Policy. Eligible members receive an additional employer contribution at the rate of 0.25% of their salary for the 2013–14 financial year and 0.5% of their salary for the 2014–15 and later financial years. Interest is paid on the contributions that accumulate in an AEC account.

Superannuation guarantee shortfall

Since 1 July 1992, employer-financed benefits have been adjusted where necessary to meet Commonwealth Superannuation Guarantee requirements. If applicable, your benefit amount has been increased to satisfy those requirements. An increase in an employer financed benefit is referred to as a superannuation guarantee shortfall amount.

Can I voluntarily defer payment?

Instead of taking immediate payment of your retirement benefit, you may choose to leave your benefit in the Scheme where it will attract investment earnings. Once deferred, you can apply for payment of your retirement benefit at any time. Once a deferred member reaches age 65 their benefit can only remain deferred if they continue to be employed for at least 10 hours a week. Once a deferred member reaches age 70 their benefit can only remain deferred if they continue to be employed for at least 30 hours a week.

See SASS Fact Sheet 13: Optional Deferred Benefit for more information.
Do I have to preserve part of my benefit?

Commonwealth provisions generally require part of your superannuation benefit to be preserved until you:

- reach age 65, or
- cease employment from age 60, or
- retire from the workforce at or after your preservation age (between 55 and 60).

Your preserved component is also immediately payable if you suffer permanent incapacity or death. Further information about the compulsory preservation rules is contained in STC Fact Sheet 4: When can I be paid my superannuation benefits? and in the Annual Statement we send you each year.

Benefit reductions

Since 1 July 1988, SASS has been required to pay Commonwealth tax on the employer contributions used to finance your benefits that accrue from that time. In addition, tax is payable on any contributions you make on a salary-sacrifice basis. Your benefits will be reduced to offset this tax (except on death).

The amounts shown in your Annual Statement are calculated after the benefit reduction has been applied.

Before payment, the benefit calculated will also be reduced, if appropriate, by any contributions surcharge tax debt or benefit amounts already paid to you on financial hardship or compassionate grounds. In addition, if you have not provided the Scheme with your Tax File Number (TFN), your benefit may also be reduced to offset the additional tax paid by the Fund on employer contributions (including salary-sacrifice contributions) received since 1 July 2007.

Benefits tax

No 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.

If you are eligible for a SASS pension, tax is generally not payable if you are over the age of 60, but some tax may be payable if your pension is more than $100,000 per annum. Tax may be payable on your pension if you are under 60.

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

Benefit entitlements from SASS 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.

Fact sheets about related topics:

SASS Fact Sheet 13: Optional Deferred Benefit
STC Fact Sheet 3: Taxation
STC Fact Sheet 4: When can I be paid my superannuation benefits?
STC Fact Sheet 10: Basic Benefit
STC Fact Sheet 13: Information about the Commonwealth Government’s Superannuation Co-contribution and the low income superannuation tax offset
STC Fact Sheet 20: SANCS Additional Employer Contributions (AEC) Account

More information

If you need more information, please contact us:

**Telephone:** 1300 130 095 (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:** Please phone 1300 130 095 to make an appointment.

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