SASS Pension: Your Questions Answered

This Fact Sheet will help you understand if you can receive a SASS pension and what payments you are likely to receive. It also explains whether your spouse or your children are eligible to receive part of your pension after you die.

Will I receive a SASS pension?

Most SASS members will receive their benefits as a lump sum. However, if you were compulsorily transferred to SASS because your NSW public sector scheme closed, you will keep the benefits of that previous scheme. So if you had the option of a pension in your previous scheme, it transferred over when you became a member of SASS.

You would have had the option to take all or part of your employer-financed benefit as a pension if you are a former member of one of the following NSW public sector schemes:

- NSW Retirement Fund (NRF)
- Local Government Pension Fund (LGPF)
- Transport Retirement Fund (TRF)

The remainder of your benefit, which includes your personal account balance (contributor-financed benefit), the SANCS basic benefit and the Additional Employer Contributions (AEC) and Commonwealth Government co-contributions accounts (if applicable), must be paid as a lump sum.

When does my SASS pension start and for how long is it paid?

Generally, your pension will be paid when you retire after reaching age 60, or if you are totally and permanently incapacitated (TPI) or if you die before retirement age a reversionary pension may be paid to an eligible spouse. Your pension is payable for life.

Once a SASS member reaches age 65 they are able to receive payment of their SASS benefit without ceasing work with their SASS employer. If you reach age 65 and decide to apply for your SASS benefit without ceasing work, you remain entitled to take the employer-financed part of your benefit as a pension.

What if I defer my SASS Benefit?

If you have a pension entitlement but elect to defer your SASS benefit you will lose your pension entitlement.

Will my spouse continue to receive the pension after my death?

If your pension is reversionary or you choose to make it reversionary (at the time the pension commences), part of your pension will continue to be paid to your spouse after your death. If you choose a non-reversionary benefit, your pension will cease on your death.

Calculating your annual pension

How much will I receive?

Pensions are calculated differently depending on several factors, including:

- which **scheme** you used to belong to – NRF, LGPF and TRF pensions are calculated one way, the RSA 'Ten and a Penny' pension is calculated differently
- whether you have **additional benefit** cover and you retire due to TPI or you die
- whether you have a **reversionary pension** – your pension payments will be lower than if you have selected the non-reversionary option.

What you get with your fund

Closed fund	Pension option	Reversionary spouse pension	Children's pension
NSW Retirement Fund (NRF)	On retirement at or after 60 years, or on TPI or death before age 60, where you have an eligible spouse.	If you elect to take all or part of your employer-financed benefit as a pension, you may choose a reversionary or non-reversionary pension. The reversionary spouse pension, if chosen, is 62.5% of your pension.	Not payable
Local Government Pension Fund (LGPF)*	On retirement at or after 60 years, or on TPI or death before age 60, where you have an eligible spouse.	If you elect to take all or part of your employer-financed benefit as a pension, you must take it as a reversionary pension. The reversionary spouse pension is 62.5% of your pension.	Payable
Transport Retirement Fund (TRF)	On retirement at or after 60 years, or on TPI before age 60. Your spouse will not receive a pension if you die while you are a contributing member.	If you elect to take all or part of your employer-financed benefit as a pension, you may choose a reversionary or non-reversionary pension. The reversionary spouse pension is 62.5% of your pension.	Not payable

* Former members of the Provident Fund, the Insurance Fund and the Benefits Fund (as defined in the *Local Government and Other Authorities (Superannuation) Act 1927* NSW), who transferred to the LGPF before that fund became part of SASS also have the pension option listed above for the LGPF. Former members of these funds who did not join the LGPF before becoming members of SASS do not have a pension option.

NRF, LGPF and TRF

The amount you can choose to take as a part or full pension is limited to your employer-financed benefit. The remainder of the benefit must be paid as a lump sum. The remainder of the benefit could include:

- your personal account balance (contributor-financed benefit)
- the SANCS basic benefit
- the Additional Employer Contributions (AEC) account balance (if applicable)
- Commonwealth Government co-contributions (if applicable).

Your pension calculation

Annual pension = salary x applicable benefit points x factor

Salary	=	**final average salary** for retirement at or over age 60, or **final salary** for death or TPI (if greater than the final average salary).
Final average salary	=	the average of your salaries for superannuation purposes, paid on your exit date and as at 31 December in each of the two preceding years.
Final salary	=	the amount of salary, for superannuation purposes, paid or payable on a member's exit date.
Applicable benefit points	=	accrued benefit points for retirement at or after age 60, or accrued benefit points plus **prospective benefit points** for death or TPI if you have additional benefit cover. You can nominate the number of benefit points to be used in the pension calculation.
Prospective benefit points	=	the assumed extra benefit points you would have accrued by normal retirement age, based on your average contribution rate so far, if TPI or death had not occurred.
Factor	=	the relevant factor based on your age and the pension option you chose (see table on page 4).

Pension entitlement	Factor	Available to:	
		Former NRF/TRF contributors	Former LGPF contributors
Retire at age 60 or after – without reversionary pension	At age 60 – 0.002431 At age 61 – 0.002500 At age 62 – 0.002570 At age 63 – 0.002639 At age 64 – 0.002709 Age 65+ – 0.002778	Yes	No
Retire at age 60 or after – with reversionary pension of 62.5% to surviving spouse	At age 60 – 0.001945 At age 61 – 0.002001 At age 62 – 0.002056 At age 63 – 0.002112 At age 64 – 0.002167 Age 65+ – 0.002223	Yes	Yes
TPI up to age 60 – without reversionary pension	0.002778	Yes	No
TPI up to age 60 – with reversionary pension of 62.5% to surviving spouse	0.002223	Yes	Yes
Death – pension to surviving spouse of contributor who dies in service	0.001389	NRF only	Yes

See the worksheet on page 8 to help you calculate your pension amount, or contact Customer Service by calling 1300 130 095 or send an email to enquiries@stc.nsw.gov.au.

Your reduction calculation

Pension reduction (R) = B ÷ C x 0.15 x P

where B = days from 1 July 1988 to date of exiting employment

C = number of service days

P = annual pension

Your pension will be reduced for contributions tax

Since 1 July 1988, SASS has been required to pay Commonwealth tax at the rate of 15% on the employer contributions it makes to your benefits. If you choose to take a SASS pension, your pension will be reduced by the contributions tax.

Example: Retirement

Bill, a former NRF member

Bill joined NRF on 15 October 1976. He was transferred first to the Public Authorities Superannuation Scheme (PASS) in 1985 and then to SASS in 1988.

Retirement date:	10 December 2012	Final average salary:	$82,500
Retirement age:	60	Additional benefit cover:	No
Benefit points:	180	Reversionary pension:	Yes

Bill's pension is calculated like this:

Annual pension = salary x applicable benefit points x factor

Annual pension = $82,500 x 180 x 0.001945 (see factor table on page 3)

Annual pension = $28,883.25 – reduction for contributions tax

Pension reduction (R) = B ÷ C x 0.15 x P

where B = days from 1 July 1988 to 10 December 2012 = 8,929

C = number of service days = 13,206

P = annual pension = $28,883.25

R = 8,929 ÷ 13,206 x 0.15 x $28,883.25

R = $2,929.33

Bill's final pension

$28,883.25 – $2,929.33 = $25,953.92, or $994.81 per fortnight.

If Bill passes away and is survived by an eligible spouse, the spouse pension would be $621.76 per fortnight, which is 62.5% of Bill's pension.

If Bill had chosen a non-reversionary pension, the annual pension amount would have been $32,439.06 (after deducting 15% employer contributions tax) or a fortnightly pension amount of $1,243.39. In this case, his spouse would not have received a pension after he died.

Example: TPI

Jane, a former TRF member

Jane joined TRF on 25 July 1982. She was transferred first to PASS in 1985 and then to SASS in 1988.

Retirement date: 25 July 2012 – due to a medical condition that left her totally and permanently incapacitated

Retirement age:	53	Total benefit points:	149
Accrued benefit points:	128	Reversionary pension:	No
Additional benefit cover:	Yes	Final salary:	$95,000
Prospective benefit points:	21	Final average salary:	$92,500

Jane's pension is calculated as follows:

Annual pension = salary x applicable benefit points x factor

Annual pension = $95,000 x 149 x 0.002778

Annual pension = $39,322.59 – reduction for contributions tax

Pension reduction (R) = B ÷ C x 0.15 x P

where B = days from 1 July 1988 to date of exiting employment = 8,791

C = number of service days = 10,959

P= annual pension = $39,322.59

R= 8,791 ÷ 10,959 x 0.15 x $39,322.59

R= $4,731.52

Jane's final pension

$39,322.59 – $4,731.52 = $34,591.07, or $1,325.84 per fortnight.

If Jane had chosen a reversionary pension, she would have received a pension of $27,680.33 each year, or a fortnightly pension amount of $1,060.96.

Who is an eligible spouse or de facto partner?

A 'spouse' is defined as the person you are married to and a 'de facto partner' is the person, of the same or opposite sex, with whom you have a relationship as a couple living together on a genuine domestic basis. You may have had this relationship registered under a state or territory law. But if not, living as a couple for a period of time will help you be recognised as being in a de facto relationship.

Generally, your spouse or de facto partner will only qualify for a reversionary pension if you were in the relationship before you retired and remained in that relationship until your death. However, there are two exceptions to this rule:

- if a child of that relationship was substantially dependent on you at the time of your death or not yet born when you died
- you retired due to invalidity and the relationship began before your normal retirement age and at least three years before your death.

For further information, please contact Customer Service on 1300 130 095.

If I die whilst I'm contributing to SASS, how much will my spouse receive?

If you were in the TRF and you die whilst contributing to SASS, your spouse will not receive a pension.

If you were in the NRF or the LGPF, your spouse's pension will be calculated using the formula shown previously. However, the pension calculation may include prospective benefit points if you had additional benefit cover. The rest of the benefit must be taken as a lump sum.

If you die before reaching your eligible retirement age, the formula uses the higher of your final salary or final average salary. If you die at or after your eligible retirement age, the formula uses your final average salary.

Example: Spouse pension on death of a contributing member

Mark, a former LGPF member

Mark joined LGPF on 30 September 1982. He was transferred first to PASS in 1985 and then to SASS in 1988.

Date of death:	15 October 2012	Prospective benefit points:	32
Age at death:	51	Total benefit points:	172
Accrued benefit points:	140	Final salary:	$110,000
Additional benefit cover:	Yes	Final average salary:	$105,650

At the time of his death, Mark was married to Marie, who now has the option of taking the employer-financed benefit as a reversionary pension.

Marie decides to take the pension, which is calculated as follows:

Annual pension	= salary x applicable benefit points x factor
Annual pension	= $110,000 x 172 x 0.001389 (see factor table on page 3)
Annual pension	= $26,279.88

Pension reduction (R)		= B ÷ C x 0.15 x P	P= annual pension = $26,279.88
where	B	= days from 1 July 1988 to 15 October 2012 = 8,873	R= 8,873 ÷ 10,974 x 0.15 x $26,279.88
	C	= number of service days = 10,974	R= $3,187.28

Marie's final pension

$26,279.88 – $3,187.28 = $23,092.60, or $885.13 per fortnight (calculated as $23,092.60 ÷ 365.25 x 14).

If I die after I retire, how much will my spouse receive?

If you are a former TRF, NRF or LGPF member and have chosen a reversionary pension, your spouse or de facto partner will receive 62.5% of the annual pension you were receiving immediately before your death. This pension is adjusted in line with increases in the CPI (All Groups Index) for Sydney from June quarter to June quarter.

Example: Spouse pension on the death of a retired member

Margaret, a former LGPF member

Margaret left SASS due to invalidity on 30 June 2008. She chose to receive all of her employer-financed benefit as a pension. Margaret's pension started on 1 July 2008 and was initially $37,850.00 per annum or $1,450.75 per fortnight. Margaret died on 30 January 2012. At the time of her death, her pension had been adjusted for CPI in October 2009, 2010 and 2011, increasing as follows:

Date	Fortnightly pension	Annual pension
July 2008 (commencement)	$1,450.75	$37,850.00
October 2009 (CPI adjustment)	$1,469.61	$38,342.12
October 2010 (CPI adjustment)	$1,512.23	$39,454.08
October 2011 (CPI adjustment)	$1,569.69	$40,953.21

When Margaret began receiving her pension she was married to Brian, and they were still married when she died. This means Brian is eligible to receive a reversionary pension, which is calculated as follows:

Pension = 62.5% x annual pension payable before Margaret's death

Pension = 62.5% of $40,953.21

Pension = $25,595.76 per annum

Brian is eligible to receive a pension of $25,595.76 per annum, or $981.06 per fortnight. This pension is payable for the rest of Brian's life and will be adjusted each October for increases in CPI.

Children's pensions for former LGPF members

If you are a transferred LGPF contributing or pension member, your children may be eligible to receive a pension. This will only happen if your child is 'dependent'. This means your child is:

- under 16 years old, or
- between 16 and 25 years old (under 25); and in the opinion of the Trustee receiving full-time education at a school, college or university; and not employed.

This child must have been wholly or substantially dependent on you immediately before your death.

Your pension will be adjusted for CPI

Your pension is adjusted each year in accordance with the percentage movement in CPI from June quarter to June quarter.

The adjustment is paid from the first pension pay day in October each year. If you were paid a pension for the whole of the financial year (since 1 July), you will receive the full percentage of the CPI adjustment. If your pension started during the previous financial year, your pension will be adjusted proportionally, in line with the number of full quarters paid.

CPI adjustment amounts

Pensions commencing on or between	Percentage of the full adjustment
2 July and 1 October	75%
2 October and 1 January	50%
2 January and 1 April	25%
2 April and 30 June	No increase

Please refer to STC Fact Sheet 11: *CPI Adjustment of your pension* for more information.

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 $106,250 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.

Financial advice

[1]Aware Super financial planners have the knowledge and expertise to advise you about your scheme and have been providing advice to State Super members for over 30 years.

An Aware Super financial planner can help you and your family with information and advice about your SASS pension entitlements. To speak to an Aware Super financial planner about your situation, please call 1800 620 305 or visit retire.aware.com.au/statesuper.

Fact sheets about related topics:

SASS Fact Sheet 5: Retirement Benefit

SASS Fact Sheet 7: Invalidity Retirement Benefit

SASS Fact Sheet 8: Death Benefit

SASS Fact Sheet 9: Retrenchment Benefit

SASS Fact Sheet 10: Resignation (Withdrawal) Benefit

SASS Fact Sheet 13: Optional Deferred Benefit

STC Fact Sheet 4: When can I be paid my superannuation benefits?

STC Fact Sheet 10: Basic Benefit

STC Fact Sheet 11: CPI Adjustment of your pension

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

Pension worksheet

1. Calculate the annual pension amount

Annual Pension (AP) = S x C x F

where S = FAS (or FS if applicable) = $ ____________

C = Applicable Benefit Points = ____________

F = Relevant factor (see table on page 3) = ____________

	(S)		(C)		(F)
AP =	$____________	x	____________	x	____________
AP =	$____________				

2. Calculate the pension reduction for contributions tax

Reduction (R) = B ÷ C x 0.15 x P

where B = Days from 1 July 1988 - date of exiting employment = ____________

C = number of service days = ____________

AP = Annual pension = $ ____________

	(B)		(C)		(P)
R =	____________	÷	____________	x 0.15 x	$ ____________
R =	$____________				

3. Calculate the pension payable after reduction

Pension Payable = AP (as 1. above) – R (as 2. above)

= ____________ – ____________

= $____________

Fortnightly Pension (P) = (AP ÷ 365.25) x 14

= $____________

11/05/2022

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.

Postal address: State Super, GPO Box 2181, Melbourne VIC 3001

Internet: www.statesuper.nsw.gov.au

Email: enquiries@stc.nsw.gov.au