

Contributions

The amount you contribute to SASS each year determines not only the size of your personal account balance, but also the size of the employer-financed benefit you will receive from the scheme.

What happens to my SASS contributions?

Contributions are deducted from your salary each pay day by your employer and forwarded to the Scheme, where they are credited to your personal account.

Prior to 1 April 2007, these contributions were required to be made from your after-tax salary. Since 1 April 2007, these contributions are able to be made from either your after-tax salary or, with your employer's agreement, your before-tax salary (i.e. as salary sacrifice contributions).

You can therefore pay your compulsory personal contributions to SASS entirely from your before-tax salary, or entirely from your after-tax salary, or from a combination of before-tax and after-tax salary.

SASS Fact Sheet 17: *Salary Sacrifice* provides further information on making contributions on a salary sacrifice basis.

Contributions made on a salary-sacrifice basis are taxed at 15% when received by the Fund. This tax will be deducted from your personal account as the contribution is received.

The contributions are invested in the investment strategy selected by you (or the default strategy if none has been selected). Each month investment earnings are applied to your personal account based on the returns of your investment strategy (see SASS Fact Sheet 15: *Choosing an investment strategy*).

A small management charge is deducted each month from your personal account to cover your share of the costs of managing SASS (your employer pays a large share). If applicable, a premium for additional benefit cover will also be deducted from your account (see SASS Fact Sheet 4: *Optional Additional Benefit Cover*). The balance in your personal account always forms part of your benefit entitlements in SASS.

Does my employer also contribute?

Yes – your employer also makes regular contributions to SASS to fund its liability for the employer-financed part of your SASS benefit and the Basic Benefit. The larger share of benefit payments made to members and their dependants is funded by employer contributions.

Additional Employer Contributions

Your employer is required to make additional superannuation contributions to SASS if you are eligible to receive additional employer contributions (AEC). You will be eligible to receive the AEC if:

- your employment is subject to the NSW public sector wages policy, including the 2.5% wages cap, and
- the increases in the Superannuation Guarantee (SG) rate were included in the 2.5% wages cap that applied to any increase in your remuneration since 1 July 2013.

Some members in SASS, such as those who work at a NSW university, are not subject to NSW public sector wages policy, so they are not eligible for AEC. Other members who are subject to wages policy but whose remuneration is paid under an award that did not include the SG increase in the remuneration increase will also not be eligible for the period that the relevant award is in place.

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.

In June 2016, AEC accounts were established for members who were eligible to receive the AEC from 1 July 2013 to 31 May 2016. The opening balance was calculated at the rate of 0.25% of their superable salary for the period 1 July 2013 to 30 June 2014 and 0.5% from 1 July 2014 until 31 May 2016, less 15% contributions tax, plus the investment earnings that would have been earned on the account had the account been in place from 1 July 2013. Since 1 June 2016 additional employer contributions have been paid by employers each month (when eligible) and credited to member accounts.

For more information on AEC contributions, refer to STC Fact Sheet 20: *SANCS additional employer contributions (AEC) account*.

How do I select my contribution rate?

Note: The contributions percentage rates indicated in this Fact Sheet are for personal contributions made on an after-tax basis. If you contribute to SASS on a salary-sacrifice basis, the rate of contributions required is increased or grossed up for contribution tax purposes. SASS Fact Sheet 17: *Salary Sacrifice* provides further information on making contributions on a salary-sacrifice basis.

You initially selected a contribution rate when you joined SASS. Towards the end of each year we send you an Annual Statement which details your current percentage contribution rate, personal account balance and accrued benefit entitlements. This statement also gives you the opportunity to change your percentage contribution rate from 1 April the following year.

If you do not return a completed election form to Mercer by 31 December, salary deductions will continue at the previously elected percentage rate but based on your latest 31 December salary (as advised to us by your employer). You may decide to contribute at any of the following percentage rates of your salary before tax:

1% 2% 3% 4% 5% 6% 7% 8% 9%

This may vary for some former members of the Local Government Benefits or Provident Fund.

This election will advise only the rate at which you wish to contribute to the Scheme. If you want to make or alter a salary sacrifice arrangement you will need to do so with your employer.

How much should I contribute?

If you contribute at an average 6% of salary over the whole period of your SASS membership you will attract the maximum employer-financed benefit. A lower average rate of contribution

will be reflected in a lower benefit entitlement. For example, if you were contributing on average only 2% of your salary, your employer-financed benefit would be only one-third of what it would have been if you had contributed at an average contribution rate of 6%. Your personal account balance would, of course, also be much lower.

If you are not currently contributing at the optimum rate needed to accrue your maximum available employer-financed benefit by the early retirement age, your Annual Statement will tell you the percentage contribution rate needed to achieve that goal. It's important that you refer to SASS Fact Sheet 16: *Contribution Caps and Your Total Superannuation Balance* or consult your financial adviser before making a decision to increase your contribution rate.

Can I make additional contributions?

SASS can only accept your compulsory personal contributions. Any additional contributions you wish to make (either by salary sacrifice or from your after-tax money) must be paid into another superannuation scheme of your choosing.

If you are considering making additional contributions, you should be aware that there is a cap on the amount of contributions that can be made on a concessional tax basis. Additional tax is payable on contributions in excess of these caps. Further information on the contribution caps can be found in SASS Fact Sheet 16: *Contribution Caps and Your Total Superannuation Balance*.

Can I stop paying contributions?

In accordance with legislation and scheme rules, you cannot withdraw your SASS benefits or cease contributing while you remain an eligible employee. However, in some circumstances of financial hardship, approval may be given to your percentage rate of contribution being reduced or stopped for a limited time.

What salary is used to calculate my contributions?

Your salary for the purpose of calculating the amount of your contributions is your annual salary before tax as certified by your employer. However, it does not include certain allowances such as overtime or travelling. Special arrangements for determining a member's superable salary apply to Public Service Senior Executives and Police Service Executives.

A full description of how your superable salary is determined, both for contributions and benefit purposes, is contained in SASS Fact Sheet 6: *Salary for Superannuation Purposes*.

What age can I contribute to?

Current scheme legislation provides that on reaching age 70, contributions and benefit accrual must cease and you must be paid the benefits to which you are entitled on retirement at that age. Alternatively, you may defer your benefit within SASS, but only if you continue to be employed for at least 30 hours a week. You may also elect to rollover your benefit to another complying superannuation scheme.

An explanation of how your personal contributions to SASS are linked to the amount of your employer-financed benefit is outlined in SASS Fact Sheet 3: *Benefit Points System*.

It is important to remember that your own contributions to SASS are more than matched by the value of the benefits financed by your employer.

Do my contributions qualify for the Commonwealth Government contributions?

To find out if you are eligible to receive a Government contribution, please refer to STC Fact Sheet 13: *Information about the Commonwealth Government's superannuation co-contribution and the low income superannuation tax offset*.

More information

If you need more information, please contact us:

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