

Normal Retirement Benefit

Female members who on joining the scheme elected to make contributions to be eligible to retire at age 55 with a normal retirement benefit and whose birthday is after 30 June 1960 should refer to SSS Fact Sheet 7B:

Normal retirement benefit for female members born after 30 June 1960 and who elected to retire at age 55.

What is the normal retirement age?

The *normal* retirement age in SSS is the age at which you may retire with *full* benefits from the scheme. This is age 60 for most members and 55 for women who throughout their membership have been contributing at a higher rate.

If you are contributing for retirement at age 60, you may elect to retire at any time after reaching age 55. If you do, your pension is paid at a reduced rate as an early voluntary retirement benefit. See SSS Fact Sheet 8: *Early voluntary retirement benefit* for more information.

What benefits will I receive?

The rate of pension payable on normal retirement is \$5.50 each fortnight for each superannuation unit for which you have contributed. See SSS Fact Sheet 2: *Unit entitlement* for more information.

A reduced pension is paid on units for which you elected not to contribute — these are known as abandoned, or reduced value units. The pension value of these units at normal retirement is \$3.30 each fortnight (see *Will I owe anything at retirement?*)

The pension rates above are reduced to offset a 15% tax payable on your employer's contributions for your benefits.

Generally, if you contributed for all of your unit entitlement, you can expect to receive a pension of 55% – 60% of your

final salary on normal retirement. However, the rate of your pension will be reduced if your service included periods of part-time employment or leave without pay which resulted in a deduction factor applying to your unit entitlement. All or part of your pension can be commuted (exchanged) for a lump sum amount, but the commutation must occur at specified times. See SSS Fact Sheet 14: *Exchanging your pension for a lump sum* for more information.

Pensions are adjusted each year in line with the movement in the Consumer Price (All Groups Sydney) Index. A phasing-in formula applies in the first year after a pension begins.

Your lump sum basic benefit, additional employer contribution (AEC) account balance and any Commonwealth Government contributions may also be payable on normal retirement.

Will I owe anything at retirement?

If you retire at your normal retirement age, there is usually an outstanding balance of personal contributions payable on instalment rate units (i.e. units that you take up within the five years prior to your retirement).

On normal retirement, you can convert any reduced value (abandoned) units to full value units for benefit purposes by electing to pay the full cost of them at that time. You can also elect to pay for any new units to which you have become entitled since your last annual review.

Any outstanding contributions that you have at retirement **must** be paid prior to the payment of your scheme benefits. You may pay any outstanding contributions in the following manner:

- by payment (EFT only) from your own funds
- by using your basic benefit or additional employer contribution (AEC) account balance*

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.

- by commutation of your pension, or
- a combination of the above.

** Your basic benefit and AEC account balance is paid independently of your SSS benefit. If these amounts are payable at the time you retire then you can direct the Trustee to use this amount to pay for some or all of your outstanding contributions instead of paying it to you in cash. There may be tax implications if you are under age 60.*

Any outstanding contributions payable must be paid from after tax monies and will be counted towards your non-concessional contributions cap. For further information, refer to SSS Fact Sheet 23: *SSS Contribution Caps And Your Total Superannuation Balance*.

After retirement, you may become entitled to extra units as a result of a backdated salary increase paid by your former employer. Again, you can choose to pay the full cost of these units and receive their full benefit value. Alternatively, your benefit on these units will be paid at a reduced rate.

Benefit reductions

SSS is required to pay Commonwealth tax on employer contributions for that part of your benefit that has accrued since 1 July 1988. Your benefits will be reduced to offset this tax. The amounts shown in the Annual Statement we send you are calculated after the benefit reduction has been applied.

Before payment, the benefit calculated will be reduced, when appropriate, by any contributions surcharge tax debt or benefit amounts already paid to you on financial hardship or compassionate grounds.

If you have not provided us with your Tax File Number (TFN), the Fund is liable to pay additional income tax on assessable contributions (such as employer and salary sacrifice contributions) made on your behalf. Commonwealth legislation requires superannuation funds to pay additional income tax (30% plus the Medicare levy (2%) on top of the 15% contributions tax already paid) on assessable contributions received from members who have not provided their TFN.

Following changes to the *Superannuation Act 1916*, the Trustee requires member benefits to be reduced by the No TFN contributions tax amount, to enable the Fund to recover the additional tax paid.

Do I pay tax on my benefits?

If you are receiving a SSS 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 \$118,750 per annum. Tax may be payable on your pension if you are under 60.

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.

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, cease an employment arrangement 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 are permanently incapacitated or die.

Your preservation age depends on when you were born. If you were born before 1 July 1960, your preservation age will be 55 years. The preservation age will gradually increase to 60 years for those born after 30 June 1960. This is shown in the table below:

Date of birth	Preservation age	Year preservation age reached
Before 1 July 1960	55 years	2014/15 and earlier
Between 1 July 1960 & 30 June 1961	56 years	2016/17
Between 1 July 1961 & 30 June 1962	57 years	2018/19
Between 1 July 1962 & 30 June 1963	58 years	2020/21
Between 1 July 1963 & 30 June 1964	59 years	2022/23
After 30 June 1964	60 years	2024/25 and later

For more information about the compulsory preservation rules, see STC Fact Sheet 4: *When can I be paid my superannuation benefits?* and the Annual Statement we send you each year.

Financial advice

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.

To speak to an Aware Super financial planner about your situation, please call **1800 841 633** or visit **aware.com.au/statesuper**.

Fact sheets about related topics

SSS Fact Sheet 7B: *Normal retirement benefit for female members born after 1 July 1960 and who elected to retire at age 55*

SSS Fact Sheet 14: *Exchanging your pension for a lump sum*

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 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*

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: Please phone 1300 130 096 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