

Optional deferred benefit

As an alternative to receiving the withdrawal benefit that is immediately available on resignation, dismissal or discharge, you may choose to leave your entitlement in SSS, to be paid later:

- at the normal retirement age
- on total and permanent invalidity
- on death to a surviving eligible spouse or de facto partner (which may include a same sex partner).

A deferred benefit is also payable from age 55, but at a reduced rate for members who have a normal retirement age of 60.

The deferred benefit option enables members who stop working for a scheme employer to keep their accrued rights in SSS. As indicated above, these rights include entitlement to benefits on reaching the normal or early retirement age or on invalidity, as well as death benefits payable to an eligible spouse and children. The benefit deferred is generally of greater value than a benefit immediately available as the deferred benefit includes most of the employer-financed benefits accrued during your service.

You may also elect to defer your entitlement if you are retrenched and are not immediately entitled to a normal or early voluntary retirement benefit. As an alternative to the standard deferred benefit, a retrenched member over 50 may instead elect to defer the benefit to which they would be entitled at age 55, for payment when they reach that age. Details of this special option are contained in SSS Fact Sheet 16: *Retrenchment benefit*.

What is the benefit?

The initial calculation of the deferred pension benefit is made when you stop working and consists of two parts:

- the **employee-contributed part**, and
- the **employer-financed part**.

Each part is based on the pension which would otherwise be paid at maturity age (60 years, except if you are a woman who contributed to retire at age 55). The employee-contributed part (up to \$2.20 fortnightly pension for each unit) reflects the maturity age pension, adjusted in accordance with the lesser amount contributed towards that pension at the time employment ceased. The employer-financed part (up to \$3.30 fortnightly pension for each unit) reflects the maturity age pension, adjusted in accordance with the extent to which a member's period of continuous membership is less than it would have been at maturity age.

The employer-financed part is adjusted in October each year, according to movements in the Consumer Price (All Groups Sydney) Index for the year ended on the previous 30 June.

If your normal retirement age is 60 and you elect to take your benefit between age 55 and 60, a reduced benefit is payable. The benefit is reduced to reflect the number of days you are from your 60th birthday.

Note: Your benefit can be paid even if you continue to work after reaching your early retirement or maturity age. However, part of it may be preserved in accordance with Commonwealth Government legislation. If you decide to leave your benefit deferred in SSS after reaching your early retirement or maturity age, the employer financed component will continue to be adjusted with CPI. However, your pension will only commence from the date of receipt of your application for payment. If

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.

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you apply after your early retirement or maturity age, **back payment is not possible.**

Can the benefit be exchanged for a lump sum?

Although the benefit is deferred as a pension, when the pension commences to be paid it can be commuted (exchanged) to a lump sum in accordance with SSS rules. See SSS Fact Sheet 14: *Exchanging your pension for a lump sum* for more information.

Can I change my mind?

If you do choose to defer your benefit in SSS, you can at any time, opt to receive the immediate lump sum, which is the original withdrawal or retrenchment benefit adjusted for investment earnings during the period the benefit was deferred. However, it is important to remember that no benefit is payable to the spouse/de facto partner of a deceased former member who elected to take their withdrawal (Immediate lump sum) benefit.

Benefit reduction

Upon deferral of your benefit, any superannuation contributions surcharge tax debt that you may have will also be deferred. When you take part or all of your benefit, any amount in your superannuation contributions surcharge tax debt account must be paid by the scheme administrator to the Australian Taxation Office. Part or all of this amount will be deducted from your benefit payment. Note that any debt arising from a previous early release on financial hardship or compassionate grounds will be deducted from your deferred benefit.

Other benefits

In addition to the SSS deferred benefit, you are also entitled to a basic benefit, any additional employer contribution (AEC) account balance, and if applicable, Commonwealth Government contributions and/or a superannuation guarantee shortfall. These benefits are also adjusted for investment earnings during the period that they are deferred.

Benefits are not assignable

Benefit entitlements from SSS 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, at the time of exit from employment, the member may direct the Scheme Administrator, Mercer, to pay the benefit to a bank, building society or credit union account.

Fact sheets about related topics are:

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

SSS Fact Sheet 15: *Resignation (withdrawal) benefit*

SSS Fact Sheet 16: *Retrenchment 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 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:

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