

## Resignation (withdrawal) benefit

### What is the benefit?

The benefit paid on resignation from employment (or on dismissal or discharge) is dependent on the length of your continuous SSS membership immediately before resignation and is calculated as follows.

After 10 years or more of continuous SSS membership, the benefit is the greater of:

#### **Benefit 1** – the total of:

- Your personal contributions adjusted by interest and investment earnings. The rate of interest used in this calculation is 3.5% per annum for the period to 30 June 1972, and the scheme investment earning rate from that date.
- Plus: an additional amount which is 1/40<sup>th</sup> of your contributions account balance (as calculated above) for each year of your scheme membership.

A limit is placed on the total amount calculated. This limit is the amount of the commuted (lump sum) value of the pension that would be payable on your retirement age 55 (or your actual age if you are older).

#### **OR**

#### **Benefit 2** – the total of:

- Your personal contributions adjusted by interest and investment earnings. For this calculation, the rate of interest used is 3.5% per annum for the period to 30 June 1972, 4.5% from 1 July 1972 to 30 June 1990 and the scheme's investment earning rate from that date onwards.

- Plus: an additional amount which is 1/40<sup>th</sup> of your contributions and interest for each year of your scheme membership, with the interest amount for this purpose being calculated as 3.5% per annum to 30 June 1972 and 4.5% from 1 July 1972 onwards.

No upper limit is placed on the value of Benefit 2. The main difference between the two calculation methods are that the interest calculation is different and a limit is placed on Benefit 1, but not on Benefit 2.

#### **Other benefits**

In addition to the SSS resignation 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.

### Can I defer payment?

As an alternative to receiving the withdrawal benefit immediately available, you may choose to leave your benefit in SSS. It will be paid later as a pension at the normal retirement age, on total and permanent invalidity, or on death to a surviving eligible spouse or de facto partner. A deferred benefit is also payable from age 55 at a reduced rate. The normal lump sum options apply.

In most cases, the value of a deferred benefit is greater than that of the withdrawal benefit. This is because a deferred benefit includes most of the employer-financed component of benefits accrued during your membership.

If you choose to defer your benefit in SSS, you can opt at any time to receive an immediate lump sum, which is the original withdrawal benefit adjusted for investment earnings during the time the benefit was deferred.

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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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.

## Do I have to preserve part of my benefit?

Commonwealth provisions generally require part of your superannuation benefit to be preserved until you 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 are permanently incapacitated or die. 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.

## 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 benefit 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 also be reduced, if appropriate, by any contributions surcharge tax debt or No TFN contributions tax debt. Your benefit may also be reduced by amounts already paid to you on financial hardship or compassionate grounds. If a family law split has been processed on your account a final calculation will be made of the benefit reduction that applies to the benefits - see SSS Fact Sheet 21 *Family Law and Superannuation Splitting*.

## 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 the defined benefit income cap. This cap was introduced from 1 July 2017, and was initially \$100,000 per annum. The cap was indexed to \$106,250 from 1 July 2021, \$118,750 from 1 July 2023 and \$125,000 from 1 July 2025.

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.

## 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 sheet/s about related topics are:

SSS 17 *Optional deferred benefit*

## 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.

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