STATE SUPER
SAS Trustee Corporation

SSS
FACTSHEET 7B

Normal Retirement Benefit for Female Members born after 1 July 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 or if you were born before 1 July 1960, please refer to SSS Fact Sheet 7A: *Normal retirement benefit*.

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 cheque
- by using your basic benefit or AEC account balance*
- 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 your 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.*

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.

Any outstanding contributions payable must be paid from after tax monies and will be counted towards your non-concessional contributions cap. For further information, please 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.

Do I have to preserve part of my benefit?

NSW and Commonwealth Government legislative requirements are outlined below, including when you can access your pension, the possible advantages and disadvantages of retiring at or after age 55, and your options for receiving your pension.

Legislative requirements

There are two legislative jurisdictions which cover superannuation rules for members of the State Superannuation Scheme (SSS):

- **NSW Government legislation** governs the rules of the scheme, such as the type and amount of the benefit payable from the scheme in different circumstances and the age at which the member becomes entitled to the benefit.
- **Commonwealth Government legislation** controls how much tax a member will be required to pay on the benefit available from the scheme. Taxation on SSS benefits is applied at a concessional rate i.e. at a rate which is generally less than the rate applied to general income. In order to attract this lower rate of tax, a superannuation scheme must comply with certain rules. These rules are applied to all superannuation schemes and are referred to as the preservation payment standards.

Who may be affected?

The standards set by the Commonwealth Government do not affect the age at which you become entitled to a retirement benefit in SSS, as the scheme rules which are legislated by the state government still apply. However, the payment standards may mean that you may not be able to access part of the benefit (the preserved component) until you reach what is referred to as your *preservation age* and you also meet a Commonwealth *condition of release*.

The standards apply to all members of SSS including those women members who on joining the scheme elected to make higher contributions to SSS in order to retire at age 55 and receive their full normal retirement benefit. This means that although a normal retirement benefit can be commenced at age 55 under the SSS rule, there will be restrictions on the amount of the benefit that can be accessed and/or the way in which it can be accessed if the member is not able to meet a condition of release at that time.

The provisions also apply to the basic benefit and any AEC account balance payable from the State Authorities Non-contributory Superannuation Scheme (SANCS). The effect of the preservation payment standards on an individual member depends on the member's age at the time they exit their public sector employment and the reason for their exit.

Commonwealth preservation age

Your preservation age depends on when you were born. If you were born before 1 July 1960 your preservation age is 55 years. Your preservation age will be between 56 and 59 if you were born between 1 July 1960 and 30 June 1964, as shown in the table below. If you were born after 30 June 1964 your preservation age is 60 years.

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

See page 4 for options to consider if you become eligible for your SSS pension before you reach your preservation age.

Conditions of release

You will satisfy a condition of release if:

- **you retire from the workforce at or after your preservation age**

  If you are less than 60 years of age, 'retirement' means you have ceased work permanently and intend never to be gainfully employed for 10 hours or more in any week in the future.

- **you cease an employment arrangement from age 60, regardless of whether you intend to return to work**

  Once you have reached age 60, you can access your preserved benefit whenever you cease employment, whether permanently or not.

- **you reach age 65, even if you continue to work**

  At age 65 you can access all of your benefit, whether or not you have ceased employment or retired.

Your benefits may be released early if:

- you become permanently incapacitated or die
- you meet the criteria on financial hardship or compassionate grounds. See STC Fact Sheet 2: *Early release of superannuation benefit on grounds of severe financial hardship* or STC Fact Sheet 6: *Early release of a superannuation benefit on compassionate grounds* for more information.

How much of my benefit is currently preserved?

Part of your pension will be 'preserved' if you:

- have not reached your preservation age
- retire before age 60, after reaching your preservation age, but do not declare that you have retired from the workforce (this also applies to lump sum benefits).

An estimate of your benefit at age 55 is available by contacting Customer Service on 1300 130 096, it shows both the preserved and non-preserved components of the pension if a condition of release is or is not met.

You will not be able to exchange (commute) the preserved part of your pension for a lump sum at age 55 if you have not permanently retired from the workforce. However, if you have met a condition of release when you reach age 60, and you have not previously exchanged any of your pension for a lump sum – you will have a further opportunity to exchange both the non-preserved and preserved components of your pension for a lump sum within six months after reaching age 60. To meet a condition of release at age 60, you would need to end an employment arrangement you were in at that time or no longer be employed.

However, as an alternative the preserved portion of your pension can be paid immediately in the form of a non-commutable pension. This option would result in you relinquishing your right to exchange this portion of your pension for a lump sum. See page 5 for further information.

How is the non-preserved amount calculated?

The non-preserved amount was calculated on 1 July 1999 when the Commonwealth introduced new preservation standards for superannuation money. It's the maximum amount you could have accessed immediately on 30 June 1999 if you had left the scheme at that time. Your non-preserved amount will always stay the same – it's not adjusted or indexed.

What about benefits accumulated under SANCS?

Your preserved component will include the basic benefit and any AEC account balance payable from the State Authorities Non-contributory Superannuation Scheme (SANCS) and therefore will not be available to pay for outstanding contributions that may be due at retirement, if you have not met a condition of release. If you have not met a condition of release you may need to use money from outside superannuation to meet this cost or accept a reduction in the value of your pension.

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 $106,250 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.

Benefit reductions

SSS is required to pay Commonwealth tax on employer contributions for the 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.

If you need any assistance, please contact Customer Service on 1300 130 096.

[1]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.

An Aware Super financial planner can help you calculate your concessional and non-concessional contribution amounts. To speak to an Aware Super financial planner about your situation, please call **1800 620 305** or visit **retire.aware.com.au/statesuper.**

[1]SAS Trustee Corporation (State Super) (ABN 29 239 066 746) is not licensed to provide financial product advice and nothing in this document constitutes financial product advice. This document contains factual information only and is not intended to imply any recommendation or opinion about any financial product. You should consider obtaining professional financial product advice which takes into account your objectives, financial situation and needs before making any financial decisions.

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Options to consider if you become entitled to your SSS retirement benefit before you reach your preservation age

OPTION 1: Resign from employment at age 55 and only access the non-preserved part of your benefit

Option	Taxation	Issues to consider	
		Possible advantages	**Possible disadvantages**
You can take the non-preserved portion of your pension at age 55 or at any time before age 60, and allow the preserved portion to accumulate as a lump sum to be paid after you reach your preservation age and satisfy a condition of release. This option is available if you resign/retire before reaching your preservation age, even if you have not satisfied a condition of release.	Any non-preserved pension in payment will be split between taxable and tax-free components. The taxable component is subject to full marginal tax rates until you reach your preservation age, when you will receive a 15% tax offset until age 60. Tax is generally not payable on your pension if you are over the age of 60, but some tax may be payable if your pension is more than $106,250 per annum. The low rate tax-free threshold will not be applied to any lump sum cash benefit you take as a result of exchanging the non-preserved component of the pension for a lump sum before you reach your preservation age. The taxable portion of a non-preserved commuted lump sum received as a cash payment and not rolled over, will be subject to tax of 20% plus the Medicare levy (2%), if taken before you reach your preservation age. See STC Fact Sheet 3: *Taxation* for further details.	Your full pension will commence at age 55 (or after), although you will only be paid the non-preserved portion. The preserved portion of your pension will accrue each fortnight in a deferred account. This account will accumulate as a lump sum superannuation benefit (including earnings), payable once you reach your preservation age and meet a condition of release. **Note:** If, at the time you reach your preservation age, you are employed for 10 hours a week or more and you are under age 60, you would be required to end the employment arrangement you were in. You would also need to declare that you intend to leave the workforce permanently before being able to access the accumulated preserved pension and have the full fortnightly pension including the previously preserved component restored for immediate payment each fortnight. Alternatively you would need to wait until you reach age 60 and resign from an employment arrangement at that time, or wait until age 65, when you would be able to access the full pension and accumulated lump sum without needing to resign from your employment.	You will only be able to access the small non-preserved portion of your pension, which isn't likely to be enough to pay for your living expenses. The basic benefit and any AEC account balance will be required to be preserved and will not be available until you reach your preservation age and meet a condition of release. For women who elected age 55 retirement, this means these amounts will not be available to meet expenses such as outstanding contributions. Outstanding contributions would need to be paid from other after tax monies. You can only exchange the non-preserved portion of your pension for a lump sum within six months of starting to receive it. However, if no lump sum is taken at this time the non-preserved portion of the pension can be exchanged for a lump sum within six months of reaching age 60. The preserved portion of the pension may also be commuted at age 60 if no previous election has been made to commute and a condition of release is satisfied at this time i.e. you have left the workforce permanently or you resign from an employment arrangement at that time.

OPTION 2: Resign from employment at age 55 and access the whole pension

Option	Taxation	Issues to consider: Possible advantages	Issues to consider: Possible disadvantages
Resign and take your full pension each fortnight, on the basis that you relinquish your right to exchange the preserved portion of your pension for a lump sum. This option is available if you resign from your employment before you turn 60 and elect to receive a 'non-commutable' pension. **Note:** That this option will prevent your spouse from exchanging the preserved portion of their pension for a lump sum on your death, unless you die within 20 years of starting your pension or your life expectancy, whichever is earlier.	Your fortnightly pension payments will be split between taxable and tax free components. The taxable component will be subject to full marginal tax rates until you reach your preservation age, when you will receive a 15% tax offset until age 60. Tax is generally not payable on your pension if you are over the age of 60, but some tax may be payable if your pension is more than $106,250 per annum. The low rate tax-free threshold will not be applied to any lump sum taken in exchange for the non-preserved component of your pension before you reach your preservation age. The taxable portion of a non-preserved commuted lump sum received as a cash payment and not rolled over, will be subject to tax of 20% plus the Medicare levy (2%), if taken before you reach your preservation age. See STC Fact Sheet 3: *Taxation* for further details.	You will receive the full fortnightly pension from age 55 to be available to meet your living expenses.	You will never be able to exchange the preserved portion of your pension for a lump sum, unless you later meet a condition of release within 6 months of your pension commencing. Your spouse will not be able to exchange the preserved portion of the pension they receive on your death for a lump sum, unless you die within 20 years of starting your pension or your life expectancy, whichever is earlier. The basic benefit and any additional employer contribution (AEC) account balance will be preserved and will not be available until you reach your preservation age and meet a condition of release. This means these amounts will not be available to meet expenses, such as outstanding contributions. Outstanding contributions would need to be paid from other after tax monies. If you elect to have the entire pension paid to you then your basic benefit and any AEC account balance must be rolled over to another superannuation fund (it cannot remain deferred in SANCS). You can only exchange the non-preserved portion of your pension for a lump sum within six months of starting to receive it. However, if no lump sum is taken at this time the non-preserved portion of the pension can be exchanged for a lump sum within six months of reaching age 60.

OPTION 3: If your preservation age is less than 60 years, wait and retire at your preservation age

Option	Taxation	Issues to consider	
		Possible advantages	**Possible disadvantages**
Resign and take the full pension. To do this, you must declare that you have retired permanently from the workforce and you intend never to be gainfully employed for 10 hours or more in any week in the future.	The taxable part of your pension is taxed at full marginal tax rates less a 15% tax offset until age 60. Tax is generally not payable on your pension if you are over the age of 60, but some tax may be payable if your pension is more than $106,250 per annum. If you meet a condition of release, you can choose to exchange the pension for a lump sum within six months of pension commencement. You can also apply the low rate tax-free threshold to a commuted lump sum or SANCS benefit.	You can access the full pension and still exchange your pension for a lump sum, if you meet a condition of release. In the case of a normal retirement benefit the fortnightly pension payable may increase due to any increase in salary received since the pension was first available because of access to additional units of pension.	You will forfeit the fortnightly pension payments you could have received from the age of 55. The lump sum factor, used to multiply the fortnightly pension to arrive at your lump sum amount reduces between the ages of 55 and 60.

Note: Contributions for units for which you began to contribute before age 50 will cease on the first annual adjustment day following your 55th birthday. This will result in a lower fortnightly contribution rate. You will still be required to pay for units for which you began to contribute after age 50 (instalment rate units) which are not yet fully paid.

OPTION 4: If your preservation age is 60 years, wait to access the benefit once you reach age 60

Option	Taxation	Issues to consider	
		Possible advantages	**Possible disadvantages**
Resign and take the full pension when you leave employment at or after age 60.	Tax is generally not payable on your pension if you are over the age of 60, but some tax may be payable if your pension is more than $106,250 per annum. 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. See STC Fact Sheet 3: Taxation for further details.	On resignation from your employment at or after age 60 you will be able to access the full normal retirement pension. Your fortnightly pension will be based on your salary when you resign. Extra units acquired as a result of any salary increases since age 55 will attract more units, which will increase the fortnightly pension amount. You will be able to exchange (commute) up to the full normal retirement pension for a lump sum within six months of reaching age 60 if you meet a condition of release (i.e. you resign from an employment arrangement you are in at that time).	You will forfeit five years of the fortnightly pension payments you would have received if you had taken the retirement benefit at age 55. The lump sum factor used to multiply the fortnightly pension to arrive at your lump sum amount reduces between the ages of 55 and 60.

Note: Contributions for units for which you began to contribute before age 50 will cease on the first annual adjustment day following your 55th birthday. This will result in a lower fortnightly contribution rate. You will still be required to pay for units for which you began to contribute after age 50 (instalment rate units) which are not yet fully paid.

How do I apply for my benefit?

In order to apply for a retirement benefit, you must complete SSS Form 512: Application for payment or deferral of SSS benefits. This form can be obtained from Customer Service or on the State Super website at www.statesuper.nsw.gov.au

Fact sheets about related topics:

SSS Fact Sheet 7A: *Normal retirement benefit*

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*

11/05/2022

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

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