Resignation/dismissal benefit and voluntary benefit deferral

Withdrawal benefit
The benefit payable on resignation is a refund of the total amount of your contributions, plus interest payable from 23 November 1984 or the date of your scheme entry if it was after 23 November 1984. On dismissal, interest is only payable from 1 July 1990.

The interest referred to above was fixed by legislation at 4.5% per annum until 30 June 1990. From 1 July 1990, interest is credited at the Fund’s investment earning rate as determined by the Trustee. The net interest applied to your personal contribution account for each year is shown on your annual statements.

Deferred benefit
As an alternative to receiving the immediate withdrawal benefit, you may elect to defer your accrued entitlements in the scheme. Because it contains the employer financed component of your accrued benefits, the value of the deferred benefit may be considerably higher than the withdrawal benefit immediately payable. The deferred benefit is calculated as a lump sum at the date of ceasing employment and this amount is subsequently adjusted in accordance with movements in the Consumer Price Index (All Groups Index) for Sydney, up until the date it is eventually paid.

A deferred benefit is payable at any time after reaching age 55 or in the event of earlier death or total and permanent invalidity.

In the event of your death, the deferred benefit would be payable to your spouse (including de facto spouse) or, if there is no eligible spouse, to your estate.

If you voluntarily defer your entitlements in the scheme, you still retain the option to take the original cash benefit, plus interest, at any time.

Basic Benefit and Additional Employer Contribution (AEC) account
The basic benefit is payable in addition to the PSS benefits detailed above. Certain members are also entitled to the additional employer contribution (AEC) benefit.

The Basic Benefit is fully paid for by your employer and accrues at the rate of up to 3% of either final average salary or final salary for each year of service from 1 April 1988 or employment commencement date if later. On resignation or dismissal, the salary figure used to calculate the basic benefit is your final average salary, i.e. the average of your salaries at the date of ceasing employment and at 31 December in each of the two previous years.

Not all PSS members will have an AEC account, as it only applies to members whose employment after 30 June 2013 was subject to NSW Public Sector Wages Policy. Eligible members receive an additional employer contribution at the rate of 0.25% of their salary for the 2013–14 financial year and 0.5% of their salary for the 2014–15 and later financial years. Interest is paid on the contributions that accumulate in an AEC account.

Your Basic Benefit and any AEC benefit are generally subject to compulsory preservation until you have reached the Commonwealth preservation age (between 55–60). See STC Fact Sheet 10: Basic Benefit and STC Fact Sheet 20: SANCS Additional Employer Contributions (AEC) Account for more information.

The Police Superannuation Scheme (PSS) is administered by Mercer Administration Services (Australia) Pty Ltd on behalf of the Trustee, SAS Trustee Corporation (STC). PSS is governed by the Police Regulation (Superannuation) Act 1906, the State Authorities Non-contributory Superannuation Act 1987 and the Superannuation Administration Act 1996. The scheme is also subject to Commonwealth superannuation and tax legislation.

STC has published this Fact Sheet. STC is not licensed to provide financial product advice in relation to PSS.

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 in or omitted from this Fact Sheet.
Commonwealth Government contributions

A PSS member may also receive an additional benefit, the balance of their Commonwealth Government Contributions account. This account includes any superannuation co-contributions and Low Income Superannuation Tax Offset (LISTO) amounts that the fund has received on the member’s behalf. Further information can be found on STC Fact Sheet 13: Information about the Commonwealth Government’s Superannuation co-contribution and the Low Income Superannuation Tax Offset.

Members aged 65/70

The following describes the scheme rules applying to the superannuation entitlements of employees aged 65 or over.

Option to defer benefits whilst still working

You may continue to accrue superannuation benefits in the PSS between ages 65 and 70, providing you work for at least 40 hours in a period of not more than 30 consecutive days in a financial year.

However, after you reach age 65 you can choose to exit from the scheme while still working and either receive payment of your accrued benefit immediately or leave it deferred within the scheme (as a lump sum only), for payment at a later date. The deferred lump sum is adjusted for investment earnings and management charges up to the date of payment.

If you do exit from your current scheme before retirement, your employer will still be required under Commonwealth legislation to pay superannuation guarantee contributions on your behalf to another complying superannuation fund of your choice. The current level of these contributions is 9.5% of salary. Once a person reaches age 70, no further contributions can be accepted and PSS benefits cease to accrue. If you continue to work after the age of 70, then depending on your personal circumstances, superannuation guarantee contributions may be payable by your employer to another complying superannuation fund of your choice. If the fund cannot accept these contributions, then a superannuation loading is applied to your salary.

Superannuation guarantee amount

Employer-financed benefits are subject to the Commonwealth Superannuation Guarantee Minimum Benefit requirements. All benefits are measured against these Minimum Benefit requirements. If the normal scheme benefit calculated, including the basic benefit, is less than the Minimum Benefit, then an additional amount will be payable.

Important tax information

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.

Fact Sheets about related topics are:

STC Fact Sheet 3: Taxation
STC Fact Sheet 5: Retiring or resigning? What you need to know for payment of your benefit
STC Fact Sheet 10: Basic Benefit
STC Fact Sheet 11: CPI Adjustment of your pension
STC Fact Sheet 20: SANCS Additional Employer Contributions (AEC) Account

More information

If you need more information, please contact us:

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