

Death Benefits

Note: Service – the benefit entitlements set out in this Fact Sheet assume that service throughout your membership has been worked on a full-time basis. Service generally accrues at a reduced or nil rate during periods of part-time employment and leave without pay (including part-time leave without pay). Any of these periods will reduce the potential ‘Death in service - Not Hurt on Duty’ benefit unless you have accrued at least 30 years equivalent full-time service.

A. Death in service

The benefits paid on the death of a serving scheme member depend on whether the death is determined by the Commissioner of Police to have been caused by the scheme member having been Hurt on Duty.

- **Death in service (Not Hurt on Duty)**

On the death in service of a scheme member that is determined as **Not** Hurt on Duty, a gratuity (i.e. lump sum) is payable to the deceased member’s spouse or de facto partner, or to the estate of the deceased if there is no spouse or de facto partner. A de facto partner may include a same sex partner (see Section C on page 2).

The gratuity is a multiple of the deceased member’s annual *salary of office* (superable salary), and is based on the total period of service the member could have worked in the Police Service to age 55. Where the member was working part-time, the superable salary is the equivalent full-time or *attributed* salary.

In the case of a member who dies after age 55, the period of actual service is counted. In both cases (whether the scheme member died before, or on or after age 55), the maximum period of service that may be counted is 30 years and the maximum benefit payable is 7.2 times the late member’s superable salary.

The table below gives examples of the gratuities payable for different periods of (actual plus potential) service, based on age at entry and age at death. The examples assume that the member’s employment was full-time, and that there were no periods of leave without pay during which service did not accrue:

Gratuity on death in service - multiples of superable salary

Age at date of death	Age at Entry			
	20	25	30	35
25	4.2	3.6	-	-
30	4.8	4.2	3.0	-
35	5.4	4.8	3.6	2.4
40	6.0	5.4	4.2	3.0
45	6.6	6.0	4.8	3.6
50	7.2	6.6	5.4	4.2

Example:

On the death of a member aged 45, whose superable salary was \$50,000 per annum, having entered the Scheme at age 25, the gratuity payable would be \$300,000 (\$50,000 x 6.0).

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.

● Death in service - (Hurt on Duty)

If the Commissioner of Police determines that the death in service of a scheme member was the result of their having been Hurt on Duty, the following benefits are payable:

- A fortnightly pension, paid to the deceased member's spouse or de facto partner, or the member's mother, father, children, or any relatives who, within the meaning of the *Workers Compensation Act 1987*, were wholly or partly dependent on the deceased. The pension payable is a minimum of 55% of the member's superable salary at the time of death. The pension may be increased* to up to 62.5% of the superable salary if the Trustee is of the opinion that the injury was caused by special risks to which the member was exposed in their Police work. The amount of additional pension is determined by the Trustee according to its opinion about the extent of those risks.

* Pension may only be increased above 55% if the injury occurred after 21 November 1979.

Plus

- An indexed pension for each dependent child, until the child reaches 18 years of age, or up to age 21 if the child continues to be a full-time student in an approved course of study. The child's pension is paid at a rate determined under the *Workers Compensation Act 1987*. The dependant child pension as at 1 October 2024 is \$168.00 weekly (\$336.00 fortnightly).

Plus

- A gratuity (i.e. lump sum) paid to the deceased's dependants, up to the amount of a gratuity under Division 1 of Part 3 of the *Workers Compensation Act 1987*. The maximum gratuity of \$938,600 as at 1 October 2024 is payable where the beneficiary was wholly dependent on the deceased. In the case of partial dependency, a lesser amount is payable as determined by the Trustee.

● 'Hurt on Duty' death after exit from the Police Service

Similar benefits may also be paid to the spouse or de facto partner and/or dependants on the death of a scheme member after retirement or resignation if the Commissioner of Police determines that the former member's death was caused by the former member having been Hurt on Duty while a member of the Police Service. The spouse's or dependant's pension is the **greater** of:

- 55% of the deceased member's salary of office at the time of the former member's discharge, resignation or retirement adjusted annually according to changes in the Consumer Price (All Groups Sydney) Index, to the date of death (where the member was working part-time, the superable salary is the equivalent full-time or attributed salary), or

- 62.5% of the pension (if any) which was payable to the member at the time of death.

A child's pension and a gratuity as described above, may also be paid in these circumstances.

Gratuity Option: A person who is eligible to receive the benefits arising from the 'Hurt on Duty' death of a member during or after exit from the Police Service may instead elect to receive the Death in Service (Not Hurt on Duty) gratuity. (See the table on the previous page.)

B. Death of a pensioner

A pension benefit is payable to the eligible spouse or de facto partner of a member who dies after retirement while receiving a scheme pension. The pension is equal to 62.5% of the pensioner's pension entitlement at the date of death.

C. Who is eligible for the spouse or de facto partner's benefit?

An eligible spouse or de facto partner of a deceased pensioner is:

- a) the widow or widower of the deceased, or
- b) a person in a registered relationship or interstate registered relationship with the deceased within the meaning of the *Relationships Register Act 2010*, or
- c) a person who was in a de facto relationship – within the meaning of the *Interpretation Act 1987* – with the deceased at the time of the deceased's death.

A de facto partner may be a person of either:

- the opposite sex, or
- if the deceased dies on or after 19 January 2001, the same sex.

With two exceptions listed below, a spouse or de facto partner of a deceased pensioner will qualify for a benefit only if they were the pensioner's spouse or de facto partner *before* the deceased pensioner retired, and remained so until the death of the pensioner.

The exceptions under which a spouse or de facto partner may be eligible for a benefit even though the relationship started *after* the deceased pensioner retired are:

1. where there is a child born of the relationship who was wholly or substantially dependent on the deceased, or an unborn child of the deceased who was conceived before and born alive after the pensioner's death. If the relationship existed for at least three years before the pensioner's death, the full 'spouse' pension of 62.5% of the deceased pensioner's entitlement is payable to an eligible spouse or

de facto partner. In the case of a relationship that existed for less than three years, the benefit is reduced on a pro rata basis. By its very nature, this rule does not apply to a same sex partner, and a benefit under this rule is payable only where the pensioner's date of death occurred after 28 November 2002;

2. where the deceased was an invalidity pensioner, the applicant for a benefit was the spouse or de facto partner before the pensioner attained age 60 and for at least three years before the pensioner's death.

Where claims are made by more than one eligible spouse or de facto partner, the Trustee may decide the appropriate distribution of benefits.

A spouse or de facto partner's pension is not payable where a former member elected on retirement to take the lump sum benefit instead of a pension. Nor is a pension payable to a spouse or de facto partner who received a 'Hurt on Duty' benefit at the time of the former member's death.

D. More information

Basic Benefit and additional employer contribution (AEC) account

Where a member dies in service, the Basic Benefit is also 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. Where a member passes away prior to reaching age 55, the salary figure used to calculate the Basic Benefit is the member's final salary, i.e. the member's salary on their last day of service. Where a member passes away after reaching age 55, the salary figure used to calculate the basic benefit is the member's final average salary, i.e. the average of the member's 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.

PSS members were not eligible for the AEC benefit from 1 July 2013 to 30 June 2014, as the 0.25% SG rate increase that applied from 1 July 2013 was not taken into account in the Crown Employees (Police Officers - 2011) Award. PSS members, other than members of the Police Executive Service, became eligible on 1 July 2014 and receive an additional employer contribution at the rate of 0.5% for the 2014-15 to

2020-21 financial years, 1.0% for the 2021-22 financial year, 1.5% for the 2022-23 financial year, 2.0% for the 2023-24 financial year and 2.5% for the 2024-25 financial year.

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.

Pension indexation

Pensions payable from the scheme are adjusted in October each year, according to the percentage movement in the Consumer Price (All Groups Sydney) Index over the previous year from June quarter to June quarter. A phasing-in formula applies in the first year after pension commencement.

However, pensions for children, and certain other compensation-related benefits, are adjusted by reference to rates prescribed under the *Workers Compensation Act 1987*.

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 Sheet STC 3: *Taxation* also describes a tax rule that allows certain lump sum payments that would otherwise be subject to benefits tax to be received tax free by a member who is suffering from a terminal illness that is likely to result in their death within 24 months.

Fact Sheets about related topics:

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*

This page is intentionally left blank.

30/09/2024

More information

If you need more information, please contact us:

Telephone: **1300 130 097** (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 130 097 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