Exchanging your Pension for a Lump Sum

Throughout this fact sheet:

- ***exchange* is used to mean commutation of your pension to a lump sum**
- ***apply* or *application* are used to mean elect or election.**

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1. Introduction

The State Superannuation Scheme (SSS) is essentially a pension scheme. However, at certain times you have an option to exchange *(commute)* all or part of a pension entitlement for a lump sum.

The option to exchange for a lump sum is available where pension entitlements result from:

- the retirement, invalidity or retrenchment of a SSS member, or
- the death of a SSS member – where a spouse entitlement exists.

The 'spouse' of a person also includes:

- another person (whether of the same or a different gender) who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.
- another person (whether of the same or a different gender) with whom the person is in a relationship that has been registered under a state or territory law dealing with the registration of certain prescribed relationships.

Note: A child or student's pension entitlement **cannot** generally be exchanged for a lump sum. See SSS Fact Sheet 12 *Child Pensions* for more information.

Important: The rules of SSS which apply to the exchange of your pension for a lump sum are detailed and precise.

In particular, you can only ever make **one** application to exchange your pension for a lump sum and that application **must be made within *prescribed timeframes.*** The prescribed times to make applications are detailed in section 4 of this fact sheet (see page 4).

It is important to read carefully and understand the provisions explained below, and how they affect you.

2. Why have a lump sum option?

There are many reasons why someone may choose to exchange their pension entitlement for a lump sum amount. The decision about whether to exchange any of your pension entitlement and the amount involved, is one which only you can make. Customer Service will be pleased to give you information about the scheme rules and how they operate. Contact details for Customer Service are on the back page of this fact sheet. However, if you need help deciding whether or not to take all or part of your benefit as a lump sum, we recommend you seek professional financial advice.

3. How much of my pension can I exchange for a lump sum?

In most cases, all of a pension that is payable to a member or eligible spouse can be exchanged for a lump sum, provided that the application to exchange the pension for a lump sum is made at a prescribed time (see section 4 for when you can make an application to exchange part of your pension). You can, however, nominate a specific amount of pension that you wish to exchange and receive the remaining amount as a pension.

As stated earlier, you can only ever make one application to exchange all or part of your pension for a lump sum. This means if you apply to exchange only part of your pension to a lump sum at one prescribed time, you cannot make a further application to exchange the remaining pension or part of it for a lump sum at a later prescribed time.

Of particular note is that the following **two instances** constitute an application to exchange, meaning no further applications can be made at a later date:

(1) Exchanging part of your pension entitlement to pay off any arrears or outstanding contributions you may have when your pension entitlement is calculated.

On leaving service, the scheme administrator, Mercer, will advise you of any arrears or outstanding contributions to be paid before paying any benefits from the scheme.

You will have an option to either:

- pay the arrears into the scheme at that time, or
- reduce your pension to pay for the arrears.

If you elect to reduce the pension to pay the arrears, this constitutes an application to exchange a pension for a lump sum, and therefore no further applications can be made at a later time.

(2) Exchanging the non-preserved pension amount to a lump sum before the preserved portion becomes available

Under Commonwealth superannuation laws, there are certain restrictions on how your SSS pension can be paid to you until you meet one of the following **conditions of release:**

- you retire from the workforce on or after your preservation age (between 55 and 60)
- you cease employment on or after age 60
- you attain age 65, even if you continue working
- you become permanently incapacitated
- you suffer from a terminal illness.

If you do not meet one of the conditions of release when your pension becomes payable, part of your pension will be deemed a preserved pension and be treated in one of the following ways:

Option 1. You can elect for the preserved pension to remain deferred in SSS until you do meet a condition of release. The amount of your preserved pension will accrue each fortnight to a deferred account in your name and will be adjusted with interest at the scheme crediting rates. The non-preserved part of the pension will be paid to you.

Option 2. Alternatively, you can elect to take the preserved pension as a **'non-commutable' pension.** This means that the preserved pension can be paid to you now but your right to exchange the pension is restricted – the restriction being that the preserved part of the pension can only be exchanged:

- by yourself within 6 months of the date the pension commences to be paid provided that you have met a full condition of release during that 6 month period, and
- by your spouse/partner, including a same sex partner, should they receive a spouse pension after your death, within either:
  - 20 years of your pension commencing, or
  - the period of your life expectancy at pension commencement, if less than 20 years.

If you elect to take option 1 and defer the preserved pension, you can still make an application to exchange the non-preserved part of the pension. However, if you do this you cannot exchange any part of the preserved pension when you later satisfy a condition of release, as you will have already made an application to exchange part of your pension.

If you elect to take option 1 and defer the preserved pension, and do not elect to commute any part of the non-preserved pension, you may be able to exchange all or part of your pension when you later satisfy a condition of release, but you can only make an application to exchange your pension at one of the prescribed times, which are generally within six months of your 55th and 60th birthday. For more information on the prescribed times for making an application refer to section 4.

Further information on the benefit preservation rules and the payment of fortnightly preserved amounts is contained in STC Fact Sheet 4 *When can I be paid my superannuation benefits?*

Example

Thomas is age 56 and leaves the employment of the NSW Public Sector for a position in XYZ Enterprises Pty Ltd. On leaving service, Thomas is entitled to a SSS pension of $800 each fortnight. The scheme administrator has determined that $300 each fortnight is deemed a preserved pension under the Commonwealth superannuation rules, with $500 each fortnight being available to be paid (non-preserved).

As Thomas has not retired from the workforce (he will continue working for XYZ Enterprises Pty Ltd), he has not met a condition of release for immediate payment of the preserved amount. He does not want to receive a non-commutable pension, so the preserved portion of the pension is preserved in the fund.

Scenario 1:

Thomas decides that he wants to exchange the fortnightly $500 pension immediately available to him for a lump sum, and makes an application to do so on leaving the Public Sector (at a prescribed time).

Thomas works for a further 3 years with XYZ Enterprises, then retires from the workforce at age 59. As he has now met a condition of release, he can access the preserved portion of the pension. However, he cannot exchange any of this amount for a lump sum as he has previously made his one and only application to exchange some pension (the non preserved portion) to a lump sum.

Scenario 2:

Thomas decides that he does not want to exchange any of the $500 unpreserved pension for a lump sum when he leaves the Public Sector, so he makes no application at that time.

Thomas works for a further 3 years with XYZ Enterprises, then retires from the workforce at age 59. As he has now met a condition of release, he can access the preserved portion of the pension. He cannot exchange any part of his pension for a lump sum at age 59, as that is not a prescribed time, but he has a final opportunity to exchange part of his pension for a lump sum at age 60 (a prescribed time).

Scenario 3:

Thomas decides that he does not want to exchange any of the $500 unpreserved pension for a lump sum when he leaves the Public Sector, so he makes no application at that time.

Thomas works for a further 5 years with XYZ Enterprises, then retires from the workforce at age 61. As he has now met a condition of release, he can access the preserved portion of the pension. However, Thomas can never commute any part of his pension to a lump sum as although he has never made an application to exchange previously, he has now passed each of the prescribed times.

4. When can I make an application to exchange and when will the lump sum be paid?

There are prescribed times for making an application to exchange your pension for a lump sum. ***Applications received outside these prescribed timeframes cannot be accepted.***

It is important to remember that you can only ever make one application. So, if you make an application at the first available prescribed time, you cannot make a further application at a later prescribed time.

Pensions that commence before reaching age 55

This applies only to **invalidity, retrenchment** and **spouse** pensions that begin to be paid before you reach age 55 (retirement pensions are not available to you before you reach age 55).

An application to exchange some or all of the abovementioned pensions for a lump sum:

a) must be made within 6 months immediately *before* or *after* your 55th birthday, or

b) if you do not make an application during the time period referred to in a), you will have a second chance to apply in the 6 months immediately *before* or *after* your 60th birthday.

Unless you nominate a specific payment date (see *Nominating payment dates, page 5*):

- your lump sum is payable on your 55th or 60th birthday and will be paid to you soon after that date.
- if your application is made in the 6 months after you reach age 55 or 60, your lump sum is payable on the day the scheme administrator receives your complete application, but will generally take up to 2 weeks to be processed and paid.

Example

Richard is age 46 and has to cease employment with the NSW Public Sector due to injuries sustained in a car accident. He is assessed as permanently disabled and meets the relevant criteria to receive an SSS invalidity pension from the date the assessment is made.

Richard cannot apply to exchange part of the invalidity pension for a lump sum until he reaches the age of 54 years and 6 months (i.e. 6 months before he reaches age 55). If his application is made *before* reaching age 55, his lump sum is payable on his 55th birthday and will be paid to him soon after that date. If his application is made in the 6 months *after* his 55th birthday, the lump sum is payable on the day the scheme administrator receives Richard's application, and will generally be processed and paid within 2 weeks. This is however, subject to any nominated payment date specified by Richard.

If Richard does not make an application within 6 months of his 55th birthday, he will have a second opportunity to make an application within 6 months of his 60th birthday.

Pensions that commence or are due to commence on or after age 55

This applies to all pensions, including the spouse pension. An application to exchange some or all of a pension for a lump sum that commences or is due to commence on or after age 55 must be made within 6 months immediately before or after your pension commencement date. For example, if you are to retire when you reach age 55 and wish to be paid a benefit at that time, you may make an application to exchange within the 6 months before or after your 55th birthday. Similarly, if you were to retire at age 57, you could make an application within 6 months of that retirement date. This also applies if you retire at age 63.

If you have not made an application before your 60th birthday, you have a second chance to apply within 6 months of your 60th birthday.

Note: If your pension commencement date is after age 60 and you do not apply within 6 months of that pension commencement date, there is no further option to commute.

In the case of an eligible spouse who survives a member, the spouse may elect to commute the spouse pension payable within a period of six months from the date of death of the member. This time limit also applies whether the deceased member was still employed at the date of death, or was a SSS pension member, or had retired and commuted his/her pension.

When will your benefit be paid:

Unless you nominate a specific payment date (see *Nominating payment dates, page 5*):

1. If your application is received before you reach your specified retirement date, your lump sum is payable on your retirement date and will be paid to you soon after that date.
2. If the application is made in the 6 months after your pension commencement date, your lump sum is payable on the day the scheme administrator receives your application, but will generally take up to 2 weeks to be processed and paid.
3. If a second chance application is received before your 60th birthday, the lump sum is payable on your 60th birthday and will be paid to you soon after that date.
4. If a second chance application is made in the 6 months after your 60th birthday, the lump sum is payable on the day your application is received by the scheme administrator, but will generally take up to 2 weeks to be processed and paid.

Note: Payment will be made as soon practical after the date the lump sum is payable to you. Interest may be paid from the date between the lump sum payment date and the actual payment date.

Example

The date is 6 January 2017 and Harold is age 57. He has decided that his retirement date will be 30 June 2017.

Harold can make an application to exchange his pension for a lump sum any time up to 31 December 2017 (ie. up to 6 months after his retirement date). If he applies before 30 June 2017 (and does not nominate a specific payment date), the lump sum will take effect on 30 June 2017, i.e. Harold's retirement date, and be paid to him soon after that date.

If he applies after 30 June and no specific date is nominated, the lump sum will take effect on the day the scheme administrator receives his application, but will generally take up to 2 weeks to be processed and paid.

If Harold does not make any application in that time, as he is under age 60, he will get a second chance to exchange within 6 months of his 60th birthday.

Nominating payment dates

Providing your application is received within the prescribed timeframes explained above, the above information provides details of when a lump sum payment is due to be paid to you. However, if you wish, you may specifically nominate a date you would like your lump sum payment/s to be paid. The effective date you nominate cannot be before your 55th birthday (or 60th birthday if a second chance application) and cannot be more than 13 months after the date you would first be eligible to receive a lump sum payment.

Important: If you die before you reach the nominated date at which the lump sum would otherwise be paid, any pending application is **automatically cancelled** and the requested lump sum will not be payable — for more details see section 6 — *Changing or cancelling an application to exchange your pension.*

Example 1

Back to Harold. He retires on 30 June 2017, age 57.

Had he wanted to, he could have received a lump sum payment on his retirement date i.e. 30 June 2017. This is therefore, the date when he was first eligible to receive a lump sum payment.

On 31 October 2017, Harold decides to apply to exchange his pension for a lump sum. He is able to nominate any date up until 31 July 2018 (i.e. 13 months after 30 June 2017) as the date of effect for payment of the lump sum.

Example 2

Julie retired on 30 June 2015 at age 58. At that time she did not make an application to exchange for a lump sum and so has been receiving a pension since then. On 30 June 2017, Julie turns 60. Had Julie wanted to, she could receive a lump sum payment on her 60th birthday. This is therefore, the date when she is first eligible to receive a second chance lump sum payment.

Julie can make an application to exchange her pension to a lump sum up to 31 December 2017 and in that application she can nominate any date up until 31 July 2018 (i.e. 13 months after her 60th birthday) as the date of effect for payment of the lump sum.

Applying to exchange your pension in two parts

Rather than apply for a single lump sum to be paid, your application can request that two separate lump sum payments be paid on different dates.

You can do this provided:

- both dates occur within 13 months after the date on which you would first be eligible to receive a lump sum payment — see *Nominating payment dates* on the previous page, and
- your election is not cancelled (see section 6).

It is important you read the information about *Automatic Cancellation* of elections in section 6. This can affect an exchange of pension made in two parts.

5. How do I make an application to exchange my pension for a lump sum?

If applying for a benefit at retirement, you must complete SSS 512 form *Application for payment or deferral of SSS benefits*, whether or not you intend exchanging your pension for a lump sum. The form includes a section for you to provide details to exchange your pension to a lump sum.

If you initially deferred payment of your benefit and that benefit becomes eligible to be paid, you must complete SSS 515 form *Application for payment of a previously deferred SSS benefit* providing the necessary details to exchange your pension to a lump sum.

If you intend to exchange any other time, SSS 521 form *Election to commute SSS pension to a lump sum* must be completed.

You can obtain the forms from your employer, Mercer Customer Service, or the State Super website (see back page for contact details).

Mercer will acknowledge receipt of your completed application by mail. If you do not receive Mercer's acknowledgment within 14 days of sending your application form, please contact Customer Service (see last page for contact details).

We recommend that you lodge your application with Mercer at least 4 weeks before the date from which you wish your application to take effect.

You can generally expect payment of the lump sum within 2 weeks of Mercer receiving all required documentation, subject of course, to the date your lump sum application is due to be paid. Interest may be paid from the date your lump sum payment became payable. This will depend on the earning rate of the Fund. If interest is payable it will be added to the lump sum amount nominated on your form.

If pension payments continued beyond the date your application is due to be paid, you may be overpaid. Any overpaid pension will be deducted from the lump sum amount nominated on your form.

Do you expect a salary increase which may be paid after your retirement?

When completing an application to exchange your pension to a lump sum, it is recommended you consider whether you expect to receive a retrospective (back dated) salary increase which may be paid **after** your retirement.

If so, you have two choices:

- you can choose to have your additional pension (which arises from your salary increase) automatically exchanged for a lump sum, or
- you can have your additional pension entitlement paid to you as a pension.

You need to indicate your choice on your SSS 521 form *Election to commute SSS pension to a lump sum*.

6. Changing or cancelling an application to exchange your pension

Requests to change or cancel (revoke) an application to exchange a pension will normally be approved if the request is received **before** the date on which the lump sum is *payable*.

Note: *The date the lump sum is payable is the date the commutation is due to take effect not the date the amount is* *actually paid. See section 4 of this fact sheet 'When will your benefit be paid' for information on when an application to exchange a lump sum is payable.*

If you have applied to exchange two separate amounts of pension, each payable on different dates, you may apply to change or cancel both amounts, or just the second part of your application if the date payable has not passed. You may apply to change:

- the amount of the lump sum you have applied for
- the date your lump sum is to be paid, or
- both the amount and date of payment.

Where an application to change is made to:

- increase the amount of pension to be exchanged for a lump sum, or
- to move the date of payment forward, and
- the application is received after the normal lump sum application period has expired (6 months after your 55th birthday, 60th birthday or retirement date),

then you will be required to provide a doctor's certificate confirming that you do not have a medical condition that may affect your longevity. These applications will be considered by the scheme Trustee.

Automatic cancellation

Death

If you die before the date on which your lump sum benefit is payable, your application will be automatically cancelled. In the same way, if you have made an application to exchange two amounts of pension and you die after the first lump sum has been paid, but before the second amount is due to be paid, the second part of your application to exchange your pension will be automatically cancelled and the lump sum will not be payable.

Deferral of retirement

If you do not retire within certain timeframes, your application to exchange your pension is deemed to be revoked and will be automatically cancelled. *This happens if you do not retire:*

- within 12 months after reaching age 55 and your application to exchange your pension was made *before* your 55th birthday
- within 12 months after the date of making your application to exchange your pension, if it was made on or after reaching age 55.

If your application to exchange your pension has been cancelled because you did not retire, a subsequent election will be accepted where the new election satisfies all other conditions for making an election.

7. How much is the lump sum?

Exchange of pension between age 55 to 60

The maximum rate at which a pension is exchanged for a lump sum is $285 for each $1 of fortnightly pension exchanged on your 55th birthday. If the exchange takes place between age 55 and 60, the lump sum factor is reduced accordingly for the time which has passed since your 55th birthday. This equates to 1.9 cents per day. The lump sum factors for each birthday from age 55 to 60 are set out below.

Exchange of pension to lump sum on	Factor for each $1 of fortnightly pension exchanged $
55th birthday	285
56th birthday	278
57th birthday	271
58th birthday	264
59th birthday	257
60th birthday	250

If you exchange your pension at any time inbetween, your factor will be calculated to account for each day since your last birthday.

This is calculated by using the following formula:

Lump sum factor at age last birthday	-	(number of days since last birthday to date of commutation x 1.9 cents per day)	=	Lump sum factor

Example 1

If you retire at age 55 years and 10 months and immediately commute your pension, (or if your spouse pension is commuted at age 55 years and 10 months) the lump sum factor would be calculated as:

Lump sum factor at age 55 ($285) less number of days from 55 to date of commutation (304 days) @ 1.9 cents per day ($5.78) = $279.22.

Example 2

If you retire at age 58 years and 2 months and immediately commute your pension, (or if your spouse pension is commuted at age 58 years and 2 months) the lump sum factor would be calculated as:

Lump sum factor at age 58 ($264) less number of days from 58 to date of commutation (61 days) @ 1.9 cents per day ($1.16) = $262.84.

Exchange of pension between age 60 and 65

The maximum rate at which a pension is exchanged for a lump sum between age 60 and 65 is $250 for each $1 of fortnightly pension exchanged.

If your pension commences between age 60 and 65, you will receive $250 for each $1 of fortnightly pension exchanged if your election to commute becomes effective from the day your pension is due to commence.

However, the lump sum factor reduces by 1.9 cents for each day after your pension had commenced or was due to commence. The reduction would be determined by the time that had passed since your pension had commenced or was due to commence.

This is calculated by using the following formula:

Lump sum factor on day after exit ($250)	-	(number of days since pension should have or has begun being paid to date of commutation x 1.9 cents per day)	=	Lump sum factor

Example 1

If you retire at age 62 and immediately commute your pension, the lump sum factor used to determine the lump sum payable would be $250.

Example 2

If you retire at age 62 (or if your spouse pension becomes payable at age 62) and apply for a lump sum payment to be effective 10 months later, your pension will be paid for that 10 months and the lump sum factor would be reduced by 1.9 cents for each day your pension was paid. In this example, $244.22 as a lump sum would be payable for each $1 of fortnightly pension you exchanged. This is calculated as $250 reduced by 304 days @ 1.9 cents per day ($5.78) = $244.22.

Any pension payable between the date your pension had commenced or was due to commence and the date your election to commute becomes effective is not required to be repaid.

Exchange of pension at or after age 65

A scheme member who has reached age 65 may apply for immediate payment of their benefits even though they are still working, see SSS Fact Sheet 20 *Contributions and benefits up to age 70*.

If you continue to work and contribute to SSS after reaching age 65, it is important to note that while your scheme benefits would increase in response to any increases in your salary (and your service, in the case of the basic benefit), the lump sum factor progressively reduces from age 65 regardless of whether your pension has commenced being paid. This means that your potential lump sum benefit may be less.

The lump sum factor reduces by:

- 1.9 cents per day between 65 and 90
- 1.2 cents per day between 90 and 95
- 0.8 cents per day after age 95

Exchange of pension to lump sum on	Factor for each $1 of fortnightly pension exchanged $
65th birthday	250
66th birthday	243.06
67th birthday	236.12
68th birthday	229.18
69th birthday	222.24
70th birthday	215.30
71st birthday	208.36
72nd birthday	201.42
73rd birthday	194.48
74th birthday	187.54
75th birthday	180.60
80th birthday	145.90
85th birthday	111.21
90th birthday	76.51
95th birthday	54.59
100th birthday	39.98
105th birthday	25.37
110th birthday	13.00*

* Minimum of 13 applied.

Where a pension (including a spouse pension) begins after your 65th birthday, the amount of the lump sum received for each $1 of fortnightly pension you exchanged is reduced, as if the pension had begun on your 65th birthday.

This is calculated by using the following formula:

Lump sum factor at age last birthday	-	(number of days since last birthday to date of commutation x (1.9, 1.2 or 0.8) cents per day)	= Lump sum factor

Example 1

If you retire at age 66 years and 10 months and immediately commute your pension, (or if your spouse pension is commuted at age 66 years and 10 months), the lump sum factor would be calculated as:

Lump sum factor at age 66 ($243.07) less number of days from 66 to date of commutation (304 days) @ 1.9 cents per day ($5.78) = $237.29.

Example 2

If you retire at age 68 years and 2 months and immediately commute your pension, (or if your spouse pension is commuted at age 68 years and 2 months), the lump sum factor would be calculated as:

Lump sum factor at age 68 ($229.21) less number of days from 68 to date of commutation (61 days) @ 1.9 cents per day ($1.16) = $228.05.

Example 3 (spouse pensions)

If your spouse pension is commuted at age 70, the lump sum factor would be $215.35 (as shown in the table on the previous page). However, if your spouse pension is commuted at age 70 years and 2 months the lump sum factor would be calculated as:

Lump sum factor at age 70 ($215.35 as shown in the table on the previous page) less number of days from age 70 to age 70 and 2 months (61) @ 1.9 cents per day ($1.16) = $214.19.

Example 4 (spouse pensions)

If your spouse pension is commuted at age 75, the lump sum factor would be $180.70 (as shown in the table on the previous page). However, if your spouse pension is commuted at age 77 the lump sum factor would be calculated as:

Lump sum factor at age 75 ($180.70 as shown in the table on the previous page) less number of days from age 75 to age 77 (730) @ 1.9 cents per day ($13.87) = $166.83.

For assistance in calculating your lump sum factor, please contact Customer Service.

8. How is the lump sum paid?

Your lump sum benefit can be rolled over to another complying superannuation fund or paid by direct credit to your nominated financial institution account.

9. The effect of exchanging your pension on later pension payments

Once your lump sum benefit is paid, any pension that is not exchanged will continue to be paid to you.

The indexation of the pension in September/October each year in line with movements in the Consumer Price Index (All Groups Index) for Sydney is applied to this remaining (residual) pension.

10. The effect of exchanging your pension on a spouse's pension

If a SSS member exchanges a pension for a lump sum, the pension entitlement of the spouse or children of the scheme member is not affected by that exchange. **An eligible spouse of a deceased member (whether that scheme member exchanged their pension for a lump sum or not), is entitled to a pension from SSS.**

If the scheme member exchanged the whole or any part of their pension entitlement for a lump sum, their spouse is entitled to a pension at the rate of two-thirds of the pension their late partner would have been receiving at the time of their death (including indexation increases), as if the scheme member had not exchanged any part of their pension.

The surviving spouse's right to exchange *their* pension for a lump sum is similarly unaffected by any lump sum payment taken by their deceased spouse or partner.

In certain circumstances, a child's or student's pension may be payable, as well as the spouse pension. Contact Customer Service for more information about the pension entitlements of a spouse, child or student.

Alternatively you may read the following fact sheets for more information:

SSS 10 *Death of a scheme member before retirement*

SSS 11 *Death of a scheme member after retirement*

SSS 12 *Child pensions*

11. Deductions from the lump sum

Deductions may be made from your lump sum if you are exchanging your pension at the time you retire. Contributions to SSS which are due at the time you retire must be paid within 1 month after your retirement.

On normal retirement, most members have an outstanding balance of contributions due. This generally results from instalment rate units, which are units taken up within 5 years of retirement. Outstanding contributions will be deducted from your lump sum unless you agree with Mercer on alternative arrangements for payment of the outstanding amount.

In addition, you may have a contributions debt resulting from any application you made, on normal retirement, to convert reduced value (abandoned) units to full value units for benefit payment purposes. You can also elect to pay for any new units you may have become entitled to since your last annual review. The full cost of abandoned or new units is payable immediately.

Arrangements also need to be made for settlement of any contributions surcharge tax debt before a lump sum benefit can be paid.

12. Benefits are not assignable

Your benefit entitlements from SSS cannot be assigned, charged or passed on to another person or organisation. This means that you cannot use a prospective benefit entitlement as security for a current debt or liability.

13. Taxation

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.

Fact sheets about related topics are:

STC Fact Sheet 3 *Taxation*

STC Fact Sheet 1 *Information about the Commonwealth contributions surcharge*

STC Fact Sheet 4 *When can I be paid my superannuation benefits?*

STC Fact Sheet 11 *CPI Adjustment of your pension*

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

Internet: www.statesuper.nsw.gov.au

Email: enquiries@stc.nsw.gov.au