Contributions

How are my contributions determined?

The amount you contribute to SSS is based on the number of units for which you contribute. As your superable salary increases, so does the number of units for which you may contribute.

The rate of contribution you pay for each unit is determined primarily by your age at the time the contribution for the unit commences. The contribution rates are based on the principle that a unit will be fully paid for by the time you are eligible to retire on a full pension (age 55 or 60 – see below). The older you are when you begin contributing for a particular unit, the more you have to contribute as there is less time to pay off the unit before you retire.

The contribution rates for units are different for men and women. Also, a woman who is contributing to retire on a full pension at age 55 pays a higher rate for each unit than someone who is contributing for the Scheme's general retirement age of 60. This is because women had the choice to elect to contribute for the earlier retirement age when they joined SSS. You also pay a reduced rate if you joined SSS before 1 July 1963.

The amount you currently contribute to SSS represents the sum of all of the different rates payable on the units you have taken up at various times throughout your membership.

How can I pay my contributions?

Contributions are deducted from your salary each pay day by your employer and forwarded to the Scheme, where they are credited to your personal account.

Prior to 1 July 2007, these contributions were required to be made from your after-tax salary. Since 1 July 2007, these contributions are able to be made from either after-tax or, with your employer's agreement, before-tax salary (i.e. as salary sacrifice contributions). You can therefore pay your compulsory personal contributions to SSS:

- entirely from before-tax salary
- entirely from after-tax salary
- from a combination of before-tax and after-tax salary.

Contributions made on a salary-sacrifice basis are treated as employer contributions and are taxed at 15% when received by the Fund. This means the amount you contribute needs to be increased (or grossed up) by an amount representing the contributions tax, so that you make the same net contribution to SSS that you would have made via after-tax contributions.

For further information on making contributions on a salary sacrifice basis, see SSS Fact Sheet 24: *Salary sacrifice*.

Does my employer also contribute?

Yes – your employer also makes regular contributions to SSS to fund its liability for the employer-financed part of your benefit. The larger share of benefit payments made to members and their dependants is funded by employer contributions.

Additional Employer Contributions

Your employer is required to make additional superannuation contributions to SSS if you are eligible to receive additional employer contributions (AEC). You will be eligible to receive the AEC if:

- your employment is subject to the NSW public sector wages policy, including the 2.5% wages cap, and

- the increases in the Superannuation Guarantee (SG) rate were included in the 2.5% wages cap that applied to any increase in your remuneration since 1 July 2013.

Some SSS members, such as those who work at a NSW university, are not subject to NSW public sector wages policy, so they are not eligible for AEC. Other members who are subject to wages policy but whose remuneration is paid under an award that did not include the SG increase in the remuneration increase will also not be eligible for the period that the relevant award is in place.

In June 2016, AEC accounts were established for members who were eligible to receive the AEC from 1 July 2013 to 31 May 2016. The opening balance was calculated at the rate of 0.25% of their superable salary for the period 1 July 2013 to 30 June 2014 and 0.5% from 1 July 2014 until 31 May 2016, less 15% contributions tax, plus the investment earnings that would have been earned on the account had the account been in place from 1 July 2013. Since 1 June 2016 additional employer contributions have been paid by employers each month (when eligible) and credited to member accounts.

For more information on additional employer contributions, refer to STC Fact Sheet 20: *SANCS Additional Employer Contributions (AEC) Account.*

How often does my contribution rate change?

Once a year, we ask your employer to tell us your salary at a certain date, called your Annual Review Day. Your new contribution rate is worked out by us according to any change in your unit entitlement (as determined by the salary figure) from the previous year. The new rate is payable from your Annual Adjustment day.

Your Annual Review and Annual Adjustment days are as follows:

Birthday	Salary annual review day	Contribution annual adjustment day (first payday on or after)
1 January to 30 June	28 July	21 October
1 July to 31 December	9 February	5 May

Generally contributions continue at the same rate until the next Annual Adjustment Day, even though your circumstances may have changed during the year. For instance, contributions continue at the same rate after a member has a salary (and unit) reduction, or finishes paying for a unit. However, in these situations a member may request that contributions be adjusted from an earlier date.

Any *excess* contributions paid are either refunded directly to the member or offset against an outstanding balance payable on other units.

What is the 6% contribution rule?

Before your Annual Adjustment Day, we send you a notice telling you what the new contribution rate will be and advise you of any optional units that you may abandon. This means that you do not have to contribute for units that would increase your total contributions to more than 6% of your salary (the 6% limit applies if contributions are made on an after-tax basis, the limit will be higher if contributions are made on a salary sacrifice basis).

If you elect not to contribute for an optional unit, the employer-financed share of the unit is still payable as a benefit on invalidity, retrenchment, retirement or death.

Your annual contribution election also gives you the opportunity to elect to contribute for units abandoned in previous years. In some cases of exit (death, invalidity and certain early voluntary retirement), there is a waiting period of 2½ years before the employee-contributed part of the benefit is payable on units that are voluntarily recovered. Your contributions are refunded if this part of the benefit entitlement is not payable.

Will I have an outstanding balance of contributions at retirement?

Most members do have an outstanding balance to be paid on normal retirement. The reason for this is that any new units that you take up within five years of the normal retirement age (55 or 60) are payable at a special, lower instalment rate. This arrangement is designed to assist members in meeting the cost of contributions at an older age. Any balance of contributions owing on these instalment rate units is payable when you retire (this does not apply on early voluntary or invalidity retirement).

Many retirees who commute (exchange) all or part of their pension for a lump sum ask that part of the lump sum benefit be used to pay this balance, while others pay it directly to SSS from non-superannuation moneys.

Can I make additional contributions?

SSS can only accept your compulsory personal contributions. Any additional contributions you wish to make (either by salary-sacrifice or from after-tax money) must be paid into another superannuation scheme of your choosing.

If you are considering making additional contributions, you should be aware that there is a cap on the amount of contributions that can be made on a concessionally taxed basis. Additional tax is payable on contributions in excess of these caps. Further information on the contribution caps can be found in SSS Fact Sheet 23: *Contribution caps and your total superannuation balance.*

Arrears of contributions

Your contributions to SSS may be deferred in certain circumstances but they cannot be waived. Deferment of contributions while on leave without pay is only permitted in special circumstances such as financial hardship. Satisfactory evidence is required and is subject to approval.

Any enquiries about deferring contributions should be made to Customer Service (see last page for contact details). If your contributions are deferred, or fall into arrears for any reason, interest may be payable unless waived by the Trustee in special circumstances. If a contribution account is in arrears when a benefit becomes payable, it is necessary for outstanding contributions and interest, if applicable, to be paid, or for arrangements to be made for their payment before payment of the benefit can begin. If you are required to pay interest on arrears of contributions, then this amount is added to your personal account.

As the interest amount is paid by you on an after-tax basis, this amount is regarded as a non-concessional contribution for taxation purposes. Please see STC Fact Sheet 3: *Taxation* for more information.

Leave without pay and secondment

Your contributions to SSS remain payable during periods of leave without pay or secondment. Deferment of contributions while on leave without pay is only permitted in special circumstances. Any enquiries about deferring contributions should be made to Customer Service. Benefit cover also continues during such periods. The level of that benefit cover and the associated contributions depend on the nature of the leave without pay or secondment.

To comply with scheme legislation, a member's benefits are reduced proportionately for any period of maternity or sick leave that exceeds two years.

Generally, the superable salary used to determine your unit entitlement during a period of leave without pay is the salary you were last paid by your employer before going on leave. The following are the two exceptions:

1) If you are on leave without pay and on secondment to another scheme employer, the salary used to determine your unit entitlement is the salary being paid to you by the employer to whom you have been seconded (in certain limited circumstances this may also apply where the secondment is to a non-scheme employer).
2) If you are on leave without pay or on secondment to an employer that does not participate in SSS, you may be eligible to contribute for additional units related to increases in salary that would have been payable to you had you not been absent from your usual employer. This entitlement arises if:
   a) the employer from whom you are on leave or have been seconded certifies that you are acting in the interests of that employer or of the State during the period of your absence, and the Trustee approves, or
   b) the period of leave without pay results from ill-health, or
   c) you are seconded to another public authority of any State or the Commonwealth, or
   d) you are on military service.

Contributions during leave without pay

This section applies to leave without pay taken on a full-time basis. Leave without pay taken on a part-time basis is covered in the next section.

In certain circumstances, an employer will grant leave without pay subject to the employee reimbursing the employer for the cost of its contribution liability to SSS for the period of leave. This is an arrangement made between the employee and employer and any enquiry about this should be made to the employer.

The employer may not require you to meet its liability to SSS during certain periods of leave without pay in excess of three months where you accept a permanent reduction in your unit (benefit) entitlement. The amount of the reduction is based on the decreased service as a result of the period of leave. Your unit entitlement is reduced permanently in the same proportion of the decreased amount of service whilst on leave without pay compared to the potential service which could have been given from the date of your entry to SSS to the normal retirement age.

Alternatively, an employee who elects to retain full unit entitlement may be required by the employer to meet its liability to SSS during the period of leave. It is important that you check with your employer whether this condition will apply to you, before beginning leave without pay.

Where a period of leave without pay exceeds three months, an election should be completed by both you and your employer and then forwarded to the scheme administrator before the leave begins. The election form is available from your employer, from Customer Service, or you can download it from the website at **www.statesuper.nsw.gov.au**.

Part-time leave without pay

If you take **any** form of leave without pay on a part-time basis, you may elect to be treated as a part-time employee for the period of the leave, see SSS Fact Sheet 4: *Part-time employment and part-time leave without pay*. This option is available, irrespective of whether the part-time leave without pay is ordinary leave without pay (including extended leave), or prescribed leave without pay e.g. maternity leave. Some members may choose this option in order to reduce the amount of their personal contributions to SSS, but in doing so, their final benefit will be lower.

Fact sheets about related topics:

SSS 1: *Salary for superannuation purposes*

SSS 2: *Unit entitlement*

SSS 23: *Contribution caps and your total superannuation balance*

08.10.2019

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, PO Box 1229, Wollongong NSW 2500
Internet:	www.statesuper.nsw.gov.au
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