

Unit Entitlement

What are units?

The amount you contribute to SSS, and in most cases the benefits you receive, are based on the number of units to which you are entitled. The higher your superable salary, the more units you receive. In pension terms, the full value of a unit on normal retirement is \$5.50 per fortnight.

How is my unit entitlement calculated?

You are entitled to one unit for each \$260 of your superable salary. In addition, each member is entitled to a further number of units — approximately 38 more units. The number of these additional units is adjusted each quarter for inflation.

We send you a notice once each year — on your annual review day — that tells you how many new units you have become entitled to as a result of inflation adjustments and increases in your salary.

You have benefit cover on new units from your annual adjustment day, which is generally 3 contribution periods after your annual review day.

Your annual review and annual adjustment days are as follows:

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

Do I have to contribute for all of my units?

You do not have to contribute for units that would increase your total contributions to more than 6% of your salary. Units that would increase your personal contributions above 6% of your salary are optional and you can elect to abandon them when you receive your annual review day notice.

Abandoned units can be paid for later and gain full benefit value (pension of \$5.50 per unit per fortnight) or they can be retained as reduced value units (\$3.30 per unit per fortnight — employer share only) if not taken up at all.

The employer-financed share of an abandoned unit is still payable as a benefit on invalidity, retrenchment, retirement or death (see *What are reduced value units?* below).

You can elect to contribute for previously abandoned units when you receive your annual review day notice. However, contributions have to be made for at least 2½ years before the full benefit entitlement of such a unit is payable on invalidity, death and, in certain cases, early voluntary retirement. Your personal contributions will be refunded if the unit does not qualify for full benefit payment.

What are reduced value (or abandoned) units?

Because you have not contributed for them, units that you have elected to abandon have a lower benefit value (pension of \$3.30 per unit per fortnight), and these are called reduced value units. This term also applies to previously abandoned units for which personal contributions have not been made for the minimum period of 2½ years that is required to attract full benefit payment on invalidity, death or in certain cases of early voluntary retirement.

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.

What happens to my units if my salary is reduced?

If your salary is reduced to a lower unit group, contributions for all units will continue to be deducted from your salary, unless you request a contribution reduction within 2 months of the date on which you are first paid the reduced salary. However, units in excess of the number appropriate to your reduced salary will not attract benefits in the event of retirement or death, unless the reduction in salary resulted from ill-health or any other reason that the Trustee considers warrants keeping the higher unit entitlement. Your personal contributions will be refunded at the time of benefit payment, with respect to those units that do not attract benefits.

Applications to reduce contributions or retain higher unit cover following salary reduction should be submitted to the scheme administrator.

Aged 55 or more?

If you experience a single salary reduction (for any reason) of 20% or more after reaching age 55, you can protect the benefits accrued on the higher salary by deferring (preserving) them in SSS until you retire. You can then elect to join another complying superannuation scheme of your choice or you can join the State Authorities Superannuation Scheme (SASS) as a new member, as long as you do so at the time your original benefit is crystallised. See STC Fact Sheet 14: *Crystallising your benefit after age 55* for more information.

What are instalment rate units?

To assist members in meeting the cost of contributions at an older age, any new units that you pick up from within 5 years of your normal retirement age are payable at a special, lower rate. Any balance of contributions owing on these instalment rate units is payable when you retire. See SSS Fact Sheet 3: *Contributions* for more information.

Reserve units

Members contributing for their full unit entitlement may elect to contribute for up to 8 reserve units. When you have contributed for reserve units for at least 10 years (or at least 1 year if you are aged 50 years or over), you may substitute one reserve unit for each new or previously abandoned unit available to you. If you substitute reserve units, your contributions are switched from the reserve units to the new units. This can help to lessen the impact of the higher rate of contribution otherwise payable for units at an older age, although contributions are payable for a longer period. If you do not elect, or are not eligible to convert your reserve units to new units prior to exit, then the contributions that you have made towards these units and interest, calculated at the scheme earning rate, will be refunded to you.

Fact sheets about related topics are:

SSS 1: *Salary for superannuation purposes*

SSS 3: *Contributions*

STC 14: *Crystallising your benefit after age 55*

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