Resignation (withdrawal) benefit

What is the resignation (withdrawal) benefit?

If you have been a contributor to SASS, or the schemes that preceded it, for less than 10 years, you will receive the balance in your personal account.

If you have been a contributor for 10 years or more, the benefit payable will consist of:

(a) your **personal account balance**, and

(b) an **employer-financed benefit** of up to 2.5% of that balance for each year of contributory membership (limited to the maximum benefit that an average contribution rate of 6% attracts), and

(c) the **basic benefit**, which is up to 3% of final average salary for each year of service from 1 April 1988, and

(d) any **Commonwealth Government contributions amount**, and

(e) any **additional employer contribution (AEC)** account balance if applicable. To find out more about this balance and if it is applicable to you, please refer to STC Fact sheet 20: *SANCS Additional Employer Contributions (AEC) Account.*

Since 1 July 1992, employer-financed benefits have been increased where necessary, to meet Commonwealth Superannuation Guarantee requirements.

Can I voluntarily defer payment?

As an alternative to receiving the resignation (withdrawal) benefit immediately payable on resignation, dismissal, discharge or retrenchment, you may choose to defer your entitlement in SASS, to be paid later at or after the early retirement age or preservation age (between 55 and 60) subject to certain conditions, or on total and permanent invalidity or on death.

The deferred benefit option is designed to assist mobility of employment and enables contributors who stop working for a SASS employer to keep their accrued rights in the Scheme through a larger employer-financed benefit.

In general terms, a deferred benefit is the benefit which would be payable if you had retired at the date of exit from your employer. It is made up of:

- your personal account balance, plus
- an employer-financed component based on your accrued benefit points. The employer-financed component is reduced by a discount factor to allow for the time by which the date you stopped working preceded the early retirement age (generally age 58).

Under legislation, it is not possible to have a scheme contributory benefit paid out of the Scheme and leave just the basic benefit and any AEC or Co-contribution benefits (if applicable) deferred, these benefits must all be paid at the same time.

Further, when a former SASS member reaches their retirement age (55 or 58 depending on your category of membership), deferred benefits may either be transferred or paid out of the scheme, or left deferred for later payment. Just prior to reaching retirement age, you will be contacted regarding your options for payment. Once a deferred member reaches age 65 their benefit can only remain deferred if they continue to be employed for at least 10 hours a week. Once a deferred member reaches age 70 their benefit can only remain deferred if they continue to be employed for at least 30 hours a week.

Do I have to preserve part of my benefit?

Commonwealth provisions require part of your superannuation benefit to be preserved until you:

- reach age 65, or
- cease employment from age 60, or
- retire from the workforce at or after your preservation age (between 55 and 60).

Your preserved component is also immediately payable if you suffer permanent incapacity or death.

More information about the compulsory preservation rules is contained in STC Fact Sheet 4: *When Can I be paid my Superannuation Benefits?* and in the Annual Statement we send you toward the end of each year.

Benefit reductions

Since 1 July 1988, SASS has been required to pay Commonwealth tax on the employer contributions used to finance your benefits that accrue from that time. In addition, tax is payable on any contributions you make on a salary-sacrifice basis. Your benefits will be reduced to offset this tax (except on death). Before payment, the benefit calculated will also be reduced, if appropriate, by any contributions surcharge tax debt or benefit amounts already paid to you on financial hardship or compassionate grounds.

The amounts shown in the Annual Statement we send you each year are calculated after the benefit reduction has been applied.

Benefits tax

No 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.

Benefits are not assignable

Benefit entitlements from SASS cannot be assigned, charged or passed on to another person. This means that a member cannot use a prospective benefit entitlement as security for a current debt or liability. However, when leaving employment a member may direct the administrator, Mercer, to pay the benefit to his/her bank, building society or credit union account.

Fact sheets about related topics:

SASS Fact Sheet 13: *Optional deferred benefit*

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 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*

11/05/2022

More information

If you need more information, please contact us:

Telephone:	**1300 130 095** (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 130 095 to make an appointment.
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