

Retrenchment benefit

A retrenchment benefit is payable if your service with an employer is compulsorily terminated, or you accept an offer of retrenchment on the grounds that:

- the employer no longer requires your services and, on termination of that service, does not propose to fill your position,
- the work that you are engaged to perform is completed, or
- the amount of work that the employer requires to be performed has diminished and as a result it is necessary for the employer to reduce the total number of employees.

*If you are aged 55 or more and are eligible to retire (early voluntary or normal retirement), your benefit will be the same as the retirement benefit payable at the retrenchment date. It can be taken as a pension or a lump sum, **but cannot be deferred**. You also have the option of electing to take your withdrawal (Immediate lump sum) benefit. However, it is important to remember that no benefit is payable to the spouse/de facto partner of a deceased former member who elected to take their withdrawal (Immediate lump sum) benefit.*

If you are not eligible for a retirement benefit at the date of retrenchment, you are entitled to a lump sum benefit calculated according to a formula in the scheme legislation that takes into account the amount of your personal contributions and period of scheme membership. Alternatively, you may elect to take your benefit as a pension determined by the Trustee to be the equivalent of your rights in SSS.

Can I defer payment?

If you are not eligible for a retirement benefit at the date of retrenchment, instead of receiving immediate payment of a retrenchment benefit, you may choose to leave your benefit in SSS for payment at a later date e.g. as a pension or lump sum

at age 55 or later. A deferred benefit is also payable on total and permanent incapacity or death.

There are two types of optional deferred benefit payments available:

1. the standard option available to members who exit SSS before retirement age – deferral of the benefits you have accrued up to the date of retrenchment, or
2. a special option available only to members who are retrenched between ages 50 and 55 – deferral of the **early voluntary retirement benefit you would be entitled to receive at age 55** (or the normal retirement benefit in the case of a woman who had contributed for retirement at age 55). The benefit is payable at age 55.

Calculation of the standard deferred benefit in option 1 is based on your service and contributions *at the* retrenchment date. Under this option you have the right at any later time to terminate the deferral and receive an immediate lump sum payment, which is the original retrenchment benefit adjusted for investment earnings, less fees and charges, during the period the benefit was deferred.

The special deferred benefit available under option 2 is calculated according to service and contributions at age 55, as if you had continued as a member of SSS until that age on the superable salary you were receiving at retrenchment.

To exercise this option, you must have your **employer's agreement**.

Option 2 also requires that you pay the personal contributions that you would have paid on your units up to age 55. The contributions payable are the present value of all further contributions and must be paid as a lump sum within 6 months of you being advised of the amount payable. **Note:** If the

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.



contributions which are payable are not received within the specified timeframe, the benefit is revised to an option 1 benefit (the standard deferred benefit) and the option 2 benefit will no longer be available.

If you elect option 2, no further option is available to apply for any other benefit payable. If a member holding a deferred benefit under option 2 dies or becomes totally and permanently incapacitated, the benefit is recalculated as a standard deferred benefit (option 1) as at the date of death or incapacity, and contributions for the period between the death or incapacity and age 55 are refunded.

Do I have to preserve part of my benefit?

Commonwealth provisions generally require part of your superannuation benefit to be preserved until you 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 each year.

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.

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