

## Early release of a benefit on compassionate grounds

An application for the early release of your superannuation benefit on compassionate grounds can only be accepted if made on **STC Form 225: Application for early release of a benefit on compassionate grounds**. Please contact Customer Service to obtain a form. Alternatively, you may download a copy of the form from the [State Super website](http://www.statesuper.nsw.gov.au).

### Who can apply?

Early release of a superannuation benefit on compassionate grounds is available, subject to conditions, to members of the State Authorities Superannuation Scheme (SASS), State Superannuation Scheme (SSS), Police Superannuation Scheme (PSS) and the State Authorities Non-contributory Superannuation Scheme (SANCS – basic benefit). A member of these schemes may be able to access part of their benefit while they are still contributing to their respective scheme as an active member.

A scheme benefit that was deferred when the scheme member left NSW public sector employment may also be released.

### When can payment be approved?

Commonwealth legislation generally requires superannuation benefits to remain in the superannuation system until a member meets a condition of release. These conditions include:

- Ceasing employment with your current employer — at which time you are able to access what is known as the non-preserved portion of your benefit.

- Retiring from the workforce after reaching the preservation age — at which time you are able to access both the non-preserved and preserved portions of your benefit. If you were born on or before 30 June 1964, you have already reached your preservation age. If you were born on or after 1 July 1964, your preservation age is age 60. See STC Fact Sheet 4: *When can I be paid my superannuation benefits?*

However, release of a benefit before meeting one of these conditions is available in certain circumstances. One of these is where the trustee of a superannuation fund approves payment on compassionate grounds.

**Note:** If you do not meet the conditions for release of your benefit on compassionate grounds, you may still qualify for payment of an amount on grounds of severe financial hardship. See STC Fact Sheet 2: *Early Release of a Benefit on Grounds of Severe Financial Hardship*.

### What conditions apply?

You may apply for the compassionate early release of a benefit in respect of one of the reasons set out in the following table. An essential requirement is that **you do not have the financial capacity** to meet the expenses arising from the reason on which your application is based. To meet Commonwealth requirements, you are required to complete a statutory declaration to say that you are unable to meet the expenses, and provide detailed information about your financial circumstances.

Additional conditions that must be met are shown under each reason.

Each condition may be subject to maximum release amounts. Depending on your circumstances, additional information may be requested to assess your application.

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.

## Expenses you have already paid

A benefit cannot be released for an expense that has already been paid. This includes a debt that has been incurred in order to pay the expense. If the expense was paid by borrowing money from a commercial lender, using a credit card or borrowing money from family or friends – the expense is no longer an eligible expense which can be released from superannuation. The arrangement for the repayment of borrowed funds must be settled with the lender.

**Reason 1.** *To pay current and future expenses for medical treatment or medical transport for yourself or a dependant (as defined on page 3).*

- Conditions:
- (i) the treatment or transport was/will be unavailable through the public health system, **and**
  - (ii) the treatment or transport was/will be necessary to either:
    - treat a life-threatening illness or injury, or
    - alleviate acute or chronic pain, or
    - alleviate an acute or chronic mental disturbance, **and**
  - (iii) you have certificates from two different medical practitioners (at least one being a specialist) confirming the necessity of treatment and unavailability of transport, **and**
  - (iv) you have a letter from a doctor or service provider giving estimates or details of future expenses.

**Reason 2.** *To enable you to make a payment on a loan to prevent:*  
*(i) foreclosure of a mortgage on your principal place of residence, or*  
*(ii) exercise by the mortgagee of an express, or statutory, power of sale over your principal place of residence.*

- Conditions:
- (i) you have a statement from the mortgagee advising of foreclosure or sale of the residence. This statement also states the amounts representing:
    - three months mortgage repayments, and
    - 12 months interest on the outstanding balance of the loan.
- and**
- (ii) within the last 12 months you have not applied for the early release from your SASS, SSS, PSS or SANCS account of more than the sum of three months repayments and 12 months interest on the outstanding balance of the loan.

**Reason 3.** *To pay for modifications to your principal place of residence or vehicle, to accommodate your special needs or those of a dependant (as defined on page 3), arising from severe disability.*

- Conditions:
- (i) you have a letter from a doctor or professional carer confirming the severe disability and the desirability of having modifications completed on your house or vehicle, **and**
  - (ii) you have a quote for the cost of the modifications.

**Reason 4.** *To pay for expenses associated with palliative care — for yourself, or a dependant (as defined on page 3) — in the case of impending death.*

- Conditions:
- (i) you have a certificate from a medical practitioner confirming the requirement for palliative care because of impending death, **and**
  - (ii) you have a quote for the cost of the care.

**Reason 5.** *To pay for expenses\* associated with a dependant's (as defined on page 3):*

- death
- funeral
- burial.

\* Expenses are subject to maximum release amounts as outlined under the section 'How much can I receive?'

- Conditions:
- You have a statement of the expenses incurred because of the death, together with an estimate of anticipated future expenses.

**Reason 6.** *To meet expenses in other cases where the circumstances are consistent with one of the five reasons listed previously.*

**Conditions:** The expenses must have been incurred in circumstances that, although they don't specifically satisfy one of the five reasons stated above, are consistent with one of those five reasons, and you must provide relevant documentation in support of your application.

### Meaning of the word 'dependant'

A dependant, in relation to the applicant, includes the spouse of the applicant and any child of the applicant, as well as any person with whom the applicant has an interdependency relationship. An interdependency relationship exists between two people when:

- (a) they have a close personal relationship, and
- (b) they live together, and
- (c) one or each of them provides the other with financial support, and
- (d) one or each of them provides the other with domestic support and personal care.

An interdependency relationship can also exist if only (a) above is present in relation to two people, provided that the reason they do not satisfy the other requirements is that either or both of them suffer from a physical, intellectual or psychiatric disability.

A person will also be considered a dependant where it can be shown that as a consequence of a close personal relationship with the other person they are obliged to or have consistently provided financial assistance to that person when a need has arisen. Persons who could be said to be a dependant for this purpose include:

- Elderly parents or grandparents.
- A brother or sister.
- A former spouse, or non-resident children in receipt of maintenance.

### How will my scheme benefits be reduced?

The early release of part of your superannuation benefit will reduce the amount of the scheme benefits you will receive in the future. Your application can only be considered if you provide written consent to this reduction.

If the early release amount is paid from a benefit you have left deferred in the scheme:

- your deferred benefit will be reduced at the time you receive the early release payment, and
- from that time, your deferred benefit will receive interest based on this lower account balance. In the case of a deferred SSS pension benefit, the annual CPI adjustment will be based on the reduced pension entitlement.

If the early release amount is paid from your current contributory scheme benefit:

- the early release amount paid will create a corresponding debt account which will have interest at the fund earning rate applied to it.

Payment of the debt will occur through reduction of your contributory scheme benefit when it is either deferred in the scheme or is paid to you.

If it is necessary to deduct a debt from any pension benefit to which you are entitled, the pension reduction will be calculated using special lump sum factors supplied by the scheme's actuary. Reduction of a retirement pension for an early release debt will not affect your right to exchange (commute) your pension to a lump sum within the scheme rules.

Details of your debt account or deferred benefit reduction, as appropriate, will be shown on your Annual Statement.

## How much can I receive?

The before-tax amount released cannot exceed the value of your accrued withdrawal (resignation) entitlement at the date of the release. In the case of a deferred benefit, this is the immediate lump sum benefit amount (see your Annual Statement).

The actual amount that may be approved for release will be determined by the Trustee, based on its assessment of your application. You will receive a single lump sum amount that takes into account both the reasons for your application and your financial capacity to meet the expenses.

Note: There is a maximum amount that can be released for Reason 5 – To pay for expenses associated with a dependant's death, funeral or burial. The maximum amount that can be released for each item is detailed below:

Item	Net limit ex GST
Professional fees (Includes death certificate, storage, embalming and transportation of the deceased between the place of death and a cemetery or crematorium)	\$5,000.00
Coffin or casket	\$4,000.00
Cemetery fees for grave, interment and memorialisation plaque	\$7,000.00
Master of Ceremonies fees	\$2,000.00
<b>Total</b>	<b>\$18,000.00</b>

## What tax is payable?

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.

A benefit payment made to a person aged less than 60 comprises a tax free component and taxable component.

The tax free component is generally based on the proportion of the benefit paid to you that is financed by your personal contributions to the scheme after 30 June 1983, plus a part of your benefit that accrued before 1 July 1983 (if any).

Concessional rates of tax apply to the taxable component of a superannuation benefit received by a person who has reached their preservation age. The taxable component of a superannuation benefit paid before a member's preservation age is subject to higher (though still concessional) rates of tax. If you were born on or before 30 June 1964, you have already reached your preservation age. If you were born on or after 1 July 1964, your preservation age is age 60. Your preservation age is also shown on your annual statements.

The scheme administrator will calculate how much of your before tax benefit should be released to provide the after-tax amount that is approved for release to meet the expenses claimed. For further information, please refer to STC Fact Sheet 3: *Taxation*.

## Proof of identity and age

You will need to provide certified proof of identity documentation (or information to enable us to verify your identity electronically) with your application form to prove that you are the person to whom the superannuation entitlements belong.

A list of acceptable documents and persons who can certify copies of these documents is included in STC Form 225: *Application for early release of a benefit on compassionate grounds*.

## What should I do next?

Your completed application form and supporting documents should be sent to the postal address shown below. You should generally expect a response to your application within five working days after all necessary documentation has been received by Mercer.

## More information

If you need more information, please contact us:

**Telephone:** **SASS** 1300 130 095 **SSS** 1300 130 096 **PSS** 1300 130 097 **Deferred Benefits** 1300 130 094  
 8.30 am to 5.30 pm, Monday to Friday.

**Personal interviews:** Please phone to make an appointment.

**Postal address:** State Super, GPO Box 2181, Melbourne VIC 3001

**Internet:** [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

**Email:** [enquiries@stc.nsw.gov.au](mailto:enquiries@stc.nsw.gov.au)