



**STATE SUPER**  
SAS Trustee Corporation



# PSS Employer Easy Reference Guide

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Reasonable care has been taken in producing the information in this Guide, which gives a general interpretation of the provisions of the Police Superannuation Scheme (PSS). PSS is governed by the *Police Regulation (Superannuation) Act 1906* and the *Superannuation Administration Act 1996*. PSS is also subject to Commonwealth superannuation and tax legislation and may be affected by the *State Authorities Non-contributory Superannuation Act 1987* and other NSW laws. If there is any inconsistency between information in this Guide and a relevant Act, the relevant Act will prevail to the extent of any inconsistency.

Please note that SAS Trustee Corporation is not licensed to provide financial product advice in relation to the State Super defined benefit schemes.

None of the SAS Trustee Corporation, its Board members or employees warrants the accuracy, reliability or completeness of the information in this Guide and, to the extent permitted by law, all of them exclude liability for any decision taken on the basis of information shown in or omitted from this Guide. Nothing in this Guide is to be regarded as personal advice. In preparing this Guide, STC has not taken into account the objectives, financial situation or needs of any employer or member.

Employers and members should seek professional advice before making decisions relying on any of the information contained within this Guide which may affect their future.

# 1 INTRODUCTION AND SCHEME OVERVIEW

## 1.1 Introduction

The purpose of this Easy Reference Guide is to help you fulfil your obligations as an employer under NSW and Commonwealth superannuation legislation.

As superannuation is a complex area, our aim is to simplify the administration process and give answers to frequently asked questions. This Guide does not cover all legal requirements or situations which can arise for employers or employees in relation to superannuation.

Additional information for PSS employers and members regarding scheme benefits and rules are provided via fact sheets, which are available from a Mercer Employer Relationship Officer or accessible on the State Super website (scheme area) at [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au).

Separate employer guides and scheme fact sheets are available for the State Superannuation Scheme (SSS) and State Authorities Superannuation Scheme (SASS).

## 1.2 Scheme overview

The SAS Trustee Corporation (STC) is the Trustee of the PSS and the State Authorities Non-contributory Superannuation Scheme (SANCS). Mercer Administration Services (Mercer) is the administrator of PSS and SANCS.

The PSS was established in 1906 and was a compulsory scheme which all police joined after they successfully completed their cadetships and were made probationary constables. The PSS closed to new members on 31 March 1988.

New employees from 1 April 1988 were eligible to join SASS, which was closed to new members with effect from 19 December 1992. All new employees from that time and non-contributory members of SASS were automatically made members of Aware Super (previously called First State Super). From 1 July 2005, new employees have been entitled to nominate the superannuation fund of their choice as a result of the choice of fund rules which commenced on that date. From 1 November 2021, all employers are required by law to use stapling for all new employees who don't choose a super fund.

PSS is a defined benefit scheme, which means that benefits are calculated based on a formula that uses a member's salary and the length of their contributory membership. Employees must make a compulsory contribution of 6% of their superable salary to PSS.

Members of PSS also receive a 3% non-contributory defined superannuation benefit (known as the basic benefit) for all service since 1 April 1988. This is a non-contributory benefit as members make no contributions toward the basic benefit as it is fully financed by the employer.

Some members are also entitled to receive an Additional Employer Contribution (AEC) benefit, which is an accumulation-style superannuation benefit made up of employer contributions that have been payable since 1 July 2013, plus investment earnings.

## 2 GLOSSARY

Terminology	Definition
<b>Act</b>	The Police Superannuation Scheme's governing statute, the <i>Police Regulation (Superannuation) Act 1906</i> .
<b>Additional Employer Contributions (AEC)</b>	<p>The monthly contribution a relevant employer must pay to STC for each employee for each month, or part of a month, for which the employee is a relevant employee.</p> <p>The rate is equivalent to a percentage of each eligible employee's salary as follows:</p> <p>1 July 2013 – 30 June 2014 ..... 0.25%</p> <p>1 July 2014 – 30 June 2021 ..... 0.5%</p> <p>1 July 2021 – 30 June 2022 ..... 1.0%</p> <p>1 July 2022 – 30 June 2023 ..... SG charge minus 9% (i.e. 1.5%)</p> <p>1 July 2023 – 30 June 2024 ..... SG charge minus 9% (i.e. 2.0%)</p> <p>1 July 2024 – 30 June 2025 ..... SG charge minus 9% (i.e. 2.5%)</p> <p>1 July 2025 onward ..... SG charge minus 9%.</p>
<b>Additional Employer Contributions (AEC) Benefit</b>	The balance of the AEC account when a member exits the fund.
<b>Additional Employer Contributions (AEC) Account</b>	An account that each monthly AEC contribution is allocated to. Each relevant member has an AEC account.
<b>Annual benefit statement</b>	The annual statement issued to members showing their accrued benefit entitlements in the PSS. It is issued around October.
<b>Attributed salary of office</b>	This is the full-time salary of office for a PSS member's position. In the case of a part-time officer, the attributed salary of office is the salary that would be payable to the officer at that time if employed as a full-time member of the NSW Police Force (see salary of office).
<b>Aware Super</b>	Previously known as First State Super, this is the superannuation scheme established by the NSW Government to cover all new public sector employees from 1 July 1992 and also those employees who were non-contributory members of SASS. Aware Super accepts employer Superannuation Guarantee contributions required under Commonwealth legislation.
<b>Basic benefit</b>	Productivity superannuation benefit accrued by PSS members in addition to their contributory scheme benefits. Calculated at 3% of final average salary or final salary depending on their mode of exit and age, for each year of service from 1 April 1988. It is fully employer financed.
<b>Commutation</b>	The exchange of a fortnightly pension benefit for a lump sum by pension entitlement reduction.

Terminology	Definition
<b>Change in hours worked (CIHW)</b>	A reduction or an increase in the hours that an employee works for a period of time.
<b>Contributor</b>	An employee who is a current member of and who is contributing to the PSS.
<b>Contribution rate</b>	PSS members contribute at the rate of 6% of their annual superable salary (see salary of office).
<b>Consumer Price Index (CPI)</b>	CPI refers to the All Groups' Consumer Price Index number (for Sydney) published by the Commonwealth Statistician in respect of the June quarter for each year.
<b>Disengagement</b>	A special superannuation benefit that may be offered by the Commissioner of Police to non-SES members aged 45 to 55 with at least 20 years full-time service.
<b>Deferral of a benefit</b>	When a member exits employment prior to the early retirement age other than by death or disability, they may choose to defer their benefit with the scheme. Deferring a benefit allows them to receive a lump sum benefit (generally higher than the cash withdrawal benefit as it contains an employer-financed component) payable at or after 55 years of age, on total and permanent invalidity, or on death (payable to a surviving spouse or de facto partner or the estate if there is no surviving spouse or de facto partner).
<b>Early retirement age</b>	Between the ages of 55 and 60.
<b>E-Business</b>	A secure and efficient portal on Mercer's employer website, where employers can send and receive data.
<b>Employer codes</b>	C70000 for NSW Police Force C70001 for NSW Police Senior Executive Officers C69000 for Police Association of NSW
<b>Employee number</b>	The employer's reference or payroll ID number for an employee, sometimes known as the registered number. Mercer can accept up to seven digits in this number.
<b>Exit date</b>	This will generally be the date that the employee ceases employment with an employer. The exception will be where an employee reaches age 65 or older and wishes to access their scheme benefits and continue to work – the exit date in this scenario will be the date nominated by the employee. Also, while an employee may choose to continue working after reaching age 70, their contributory membership of PSS must cease when they attain that age – the exit date in this scenario will be the date the employee turns 70 years of age.
<b>Final salary</b>	The amount of annual superable salary paid or payable to an employee on their exit date. This is used to calculate the basic benefit if the member exits before age 55 on death or invalidity.



Terminology	Definition
<b>Final average salary</b>	The average of the annual superable salaries paid to an employee on their exit date and on 31 December for the preceding two years. This is used to calculate the basic benefit if the member exits before age 55 for reasons other than death or invalidity, or from age 55 (irrespective of the exit reason).
<b>Hurt on Duty (HOD)</b>	An invalidity or death benefit that is payable from PSS where the Commissioner of Police certifies that the invalidity retirement or death was caused by the member having been 'hurt on duty'.
<b>Not Hurt on Duty (NHOD)</b>	A member may claim an invalidity benefit; however, the Commissioner of Police certifies that the invalidity retirement or death was caused by the member having been 'NOT hurt on duty'.
<b>Invalidity benefit</b>	An invalidity benefit is payable from the scheme where a member is retired on the grounds of invalidity or physical or mental incapacity to perform their duties as determined by STC.
<b>Leave without pay (LWOP)</b>	A period of leave without pay.
<b>Membership number</b>	Each employee has a seven-digit number which is unique and does not change for their period of continuous membership of the scheme. It is also known as the file number or superannuation number.
<b>Mercer</b>	Mercer Administration Services, the contracted scheme administrator for PSS.
<b>Normal retirement age</b>	The normal retirement age is 60 years.
<b>Salary sacrifice</b>	Employee contribution deducted from their salary prior to income tax deduction. This type of contribution is categorised as a concessional contribution and attracts the Commonwealth Government's 15% contributions tax on entry to the scheme.
<b>Salary of office</b>	A PSS member's superable salary for contributions and benefits is based on their salary of office. This is the ordinary annual (base) salary of office for the employee's rank and position, and does not include certain specified allowances such as relieving, expense, uniform and climatic and shift allowances, or an allowance paid in lieu of overtime. An allowance may be included if it is prescribed in the Regulations ( <i>Police Superannuation Regulation 2020</i> ). Allowances for certain academic qualifications are currently included.
<b>PSS</b>	Police Superannuation Scheme.
<b>Salary ratio</b>	The ratio of the part-time salary to the full-time salary (part-time salary divided by full-time salary). Hence the salary ratio for full-time employees is 1 and the salary ratio for part-time employees is less than 1.

Terminology	Definition
<b>State Authorities Non-contributory Superannuation Scheme (SANCS)</b>	The State Authorities Non-contributory Superannuation Scheme, which pays a benefit in addition to the PSS benefit. This benefit includes the Basic Benefit and any Additional Employer Contributions (AEC) Benefit, Commonwealth Government co-contributions, or Low Income Superannuation Tax Offset (LISTO).
<b>State Authorities Superannuation Scheme (SASS)</b>	Another scheme administered by Mercer on behalf of the SAS Trustee Corporation. It closed to new members from 19 December 1992. A SASS Easy Reference Guide for Employers is available at <a href="http://www.statesuper.nsw.gov.au">www.statesuper.nsw.gov.au</a> .
<b>Shortfall benefit</b>	See Superannuation Guarantee benefits.
<b>Spouse/partner</b>	<p>The 'spouse' of a person includes:</p> <ul style="list-style-type: none"> <li>• another person (whether of the same or a different gender) who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple;</li> <li>• another person (whether of the same or a different gender) with whom the person is in a relationship that has been registered under a state or territory law dealing with the registration of certain prescribed relationships.</li> </ul>
<b>SAS Trustee Corporation (STC)</b>	The SAS Trustee Corporation (the Trustee) as constituted by the <i>Superannuation Administration Act 1996</i> .
<b>Superannuation Guarantee benefits</b>	<p>Since 1 July 1992, members' employer-financed benefits have been automatically increased, where necessary, to meet Commonwealth Superannuation Guarantee requirements. This is to ensure that the member is provided with the required minimum employer-financed benefits.</p> <p>If the normal scheme benefit (including SANCS benefit and AEC account balance) is less than the minimum benefit, then an additional amount is payable - called the Superannuation Guarantee Shortfall.</p>



## 3 EMPLOYER CONTACT

### 3.1 How to contact us

There is an Employer Relationship Officer at Mercer available to assist you.

Enquiries to Mercer's Employer Help Line

**Phone:** 1300 142 708

**Email:** STC\_Employer@mercer.com

### 3.2 Where to find the employer website

Mercer provides a website that is dedicated to PSS employers:

**<https://services.pillar.com.au/StateEmployers/Login.aspx>**

It provides a guide for employers to login to a secure area to submit contribution returns and perform other administration tasks online.

### 3.3 How to stay informed in regard to PSS

There are a number of publications available to help employers and employees understand more about PSS and superannuation issues, including the:

- SuperViews Newsletter
- Annual Report to Members (previously Annual Report Highlights)
- Pooled Fund Annual Report
- Pension Newsletter.

When employers are affected by legislative or other changes to PSS and SANCS rules, a Mercer Employer Relationship Officer will update you with information from the Trustee.

#### 3.3.1 PSS Fact Sheets

The following Fact Sheets provide detailed information about the benefits available from PSS.

Fact Sheet
1. PSS Overview
2. Contributions and superable salary
3. Benefits on normal retirement
4. Benefits on early voluntary retirement

## Fact Sheet

5. Invalidity retirement (medical discharge)
6. Death benefits
7. Resignation/dismissal benefit and voluntary benefit deferral
9. Purchased leave
11. Medical discharge benefit for members of the Police Force (s.8/s.10B(1))
12. Medical discharge benefit for a former member of the Police Force (s10B(2))
13. Partial commutation (redemption) of Hurt on Duty (HOD) invalidity pension under section 10C
14. Increase for a Hurt on Duty pension (s.10(1A))
15. Pre 21 November 1979 benefits arising from work related injuries
16. Contribution caps and your total superannuation balance
17. Benefit for permanent impairment resulting from HOD injury (s.12D)
18. Salary sacrifice your compulsory personal contributions to PSS
19. Benefit for medical and related expenses resulting from HOD injury (s.12D)
20. Review of PSS HOD pensions

### 3.3.2 STC Fact Sheets

The following Fact Sheets provide detailed information about State Super in general.

#### Fact Sheets

1. Information about the Commonwealth contributions surcharge
2. Early release of superannuation benefit on grounds of severe financial hardship
3. Taxation
4. When can I be paid my superannuation benefits?
5. Retiring or resigning? What you need to know for payment of your benefit
6. Early release of superannuation benefits on compassionate grounds
7. Complaints, disputes and appeals
8. Calculation of Superable Salary and Oncost Liability and Membership Options for Public Service Senior Executives and Police Service Executives
9. Government Information (Public Access) Act & Privacy
10. Basic benefit
13. Information about the Commonwealth Government's superannuation co-contributions
16. Planning for your retirement
20. SANCS Additional Employer Contributions (AEC) Account

### 3.4 Find more general information

For more information visit the State Super website at **[www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)**.

The website also has a dedicated employer area where you will find:

- an email link to a Mercer Employer Relationship Officer
- a link to the Mercer Employer Services page where you can transfer or download employee data
- publications and recent communications to employers
- a list of printable employer and employee forms and fact sheets
- a guide to preparing and submitting the after-tax and salary sacrifice contributions
- this Easy Reference Guide for PSS employers.

## 4 EMPLOYER'S RESPONSIBILITIES

### 4.1 Performing superannuation legislation requirements

As an employer, your responsibilities include complying with relevant superannuation legislation.

These responsibilities include:

- reconciling PSS employee payroll deductions against a contribution return file
- deducting and paying contributions on time
- for all employers who are invoiced for a monthly AEC contribution, paying those contributions as invoiced and on time
- providing an employee's tax file number to Mercer when authorised to do so by the member
- providing timely advice of changes of employee details
- for all employers who have employees that are eligible for AEC contributions, providing timely advice of any employees that move within your agency to positions that make them either eligible or ineligible to receive AEC contributions
- completing the Annual Salary Review (30 June and 31 December)
- providing complete and accurate details regarding employees who have terminated employment for any reason or who have reached age 70
- providing complete and accurate details when an employee requests payment or deferral of a PSS benefit
- providing complete and accurate details when an employee dies
- paying optional employee personal contributions to any other nominated complying superannuation fund.

**Note:** This is not a complete list of every responsibility a PSS employer has in relation to superannuation, it only summarises the main requirements.

### 4.2 Assisting your employees

Employees may have questions regarding their entitlements, obligations and any implications of changes in their working situation and lifestyle. The forms listed in this section will be able to help you in assisting your employees in preparing claims for their superannuation benefit.

The following is a list of the forms that are used only for PSS members.

#### 4.2.1 Member Forms

Form name
Application for resignation or dismissal benefit (PSS Member Form 601)
Application for retirement benefit (PSS Member Form 602)
Election to Commute PSS Early Voluntary Retirement or Normal Retirement Pension to a Lump Sum (PSS Member Form 603)
Directions for payment of an invalidity pension benefit (PSS Member Form 604)
Directions for payment of an invalidity lump sum benefit (PSS Member Form 605)
Application for an invalidity benefit (PSS Member Form 606)
Application for payment of a spouse or de facto partner pension benefit upon the death of a PSS pension member (PSS member form 607)
Commutation of part Hurt on Duty pension (PSS Member Form 608)
Application for disengagement benefit (PSS Member Form 612)
Privacy disclosure consent form for PSAC determined benefits (PSS Member Form 614)
Application for payment of a spouse or de facto partner pension benefit upon the death of a PSS member (PSS Member Form 615)
Election to commute PSS incapacity pension to lump sum (PSS Member Form 616)
Application form for medical discharge benefit (PSS Member Form 11)
Notes for application form for medical discharge benefit
PSS medical report - Form 11
Template for PSS medical report - Form 11
Application form for medical discharge benefit for a former member (PSS Member Form 12)

## Form name

Notes for application form for medical discharge benefit for a former member

PSS medical report - Form 12

Template for PSS medical report - Form 12

Application form for an increase in a hurt on duty pension (PSS Member Form 14)

Notes for application form for an increase in a hurt on duty pension

PSS medical report - Form 14

Template for PSS medical report - Form 14

PSS vocational assessment report - Form 14

Template for PSS vocational assessment report - Form 14

Application form for permanent impairment benefit (s.12D) (PSS Member Form 17)



## 5 SUPERANNUATION SALARY AND ANNUAL SALARY REVIEW

### 5.1 Superannuation salary

An employee's superannuation salary, or superable salary, is their ordinary annual (base) salary of office for their rank and position. The superannuation salary should include allowances that are generally paid to an employee while they are on annual leave or long service leave, plus loading for shift work, but does not include overtime.

The value of any approved employment benefits should also be included. These are non-cash benefits provided to employees (except Executive staff) through flexible salary sacrifice/packaging arrangements approved for inclusion in superannuation salary by the Minister, with the concurrence of the Treasurer.

Superable salary does not include certain specified allowances such as relieving, expense, uniform, and climatic and shift allowances, or an allowance paid in lieu of overtime. An allowance may be included if it is prescribed in the Regulations (*Police Superannuation Regulation 2020*). Allowances for certain academic qualifications are currently included.

Both employee contributions (6%) and benefit entitlements are calculated on the superable salary.

Where an employee ceases to receive a superable allowance because of non-disciplinary reasons, any benefit that becomes payable (before salary again increases above the previous amount) is based on the superable salary amount that was being received by the employee immediately prior to the reduction.

### 5.2 Annual salary review

Superannuation salaries are reviewed every year, based on the superable salary of office figure as at 30 June each year. However, for basic benefit purposes, you are also required to provide Mercer with each employee's superable salary as at 31 December.

To commence the annual salary review process, Mercer provides each employer with a detailed list of PSS contributors. Employers are requested to submit annual salary returns to Mercer within one month of the relevant review day (30 June and 31 December). For contributors in part-time positions, the attributed or annual full-time salary for the position should also be shown.

The salary to be provided, in respect of each employee that is a Public Service Senior Executive or a Police Service Executive, is the salary nominated by the employee for superannuation purposes. Please refer to STC Fact Sheet 8: *Calculation of Superable Salary and Oncost Liability and Membership Options for Public Service Senior Executives and Police Service Executives*.

### 5.3 Annual salary returns

Mercer collects salaries twice every year for PSS: at 30 June to maintain the PSS records and at 31 December for the basic benefit record.

In addition to the PSS salary review, Mercer requires two work location files to be provided by the NSW Police Force each July:

- a list of all of the current work location codes and addresses
- a list of the work locations of each PSS member.

These lists are required so Mercer can send the annual statements to the work locations of members who elect not to disclose their home addresses.

The employer must return the annual salary file by the given deadline (30 calendar days). These files are then uploaded to Mercer systems to update members' salary records.

The following is an example of an annual salary return file.

Register	Payroll Number	Employer	Surname	Given Names	Date Of Birth	Fulltime Salary	Part-time Salary
1	119	6256766	000001	MCHON	aaaaaa	23/06/1900	99068
2	124	6256776	000001	CRUICKA	bbbbbb	8/05/1900	162316
3	129	6256786	000001	LINSON	cccccc	17/05/1900	100493
4	134	6256796	000001	BYD	ddddd	5/01/1900	99386
5	139	6256806	000001	THOSON	eeeee	5/08/1900	103438
6	144	6256816	000001	BELLO	ffffff	6/10/1900	132190
7	149	6256826	000001	FRLO	ggggg	23/06/1900	80618
8	154	6256836	000001	GERED	hhhhh	8/05/1900	99068
9	159	6256846	000001	RREREG	iiiiiii	17/05/1900	162316
10	164	6256856	000001	EBBS	jjjjjj	5/01/1900	132190
11	169	6256866	000001	GTE	kkkkk	5/08/1900	102751
12	174	6256876	000001	HTR	lllllll	6/10/1900	99052
13	179	6256886	000001	READ	mmmmmm	23/06/1900	94231
14	184	6256896	000001	FHTYT	nnnnnnn	8/05/1900	94231
15	189	6256906	000001	UIU	ooooooo	17/05/1900	99068
16	194	6256916	000001	LK	ppppppp	5/01/1900	125530
17	199	6256926	000001	LIO	qqqqqqq	5/08/1900	132190

Any missing annual salary information will be followed up with the employer.

	A	B	C	D	E
1	<b>Member Number</b>	<b>Employer Code</b>	<b>Work Location</b>		
2	1223	C69000	A256		
3	1223	C69000	A256		
4					
5					

The following is an example of work location code and address details.

	A	B	C	D	E	F	G
1	<b>Work Location</b>	<b>Name</b>	<b>Address Line 1</b>	<b>Address Line 2</b>	<b>Suburb</b>	<b>Postcode</b>	
2	A256	Precinct 256	Old Springhill Road		Coniston	2500	
3	A1255	Office of Records	222 Kent Road		Sydney	2500	
4							
5							
6							

## 5.4 Salary on last day of service

The employer is also required to report the superable salary figure payable to an employee on the last day of their employment. Any retrospective salary increase paid after an employee's exit must also be reported so that the member's benefit entitlements are correctly calculated.

## 6 CONTRIBUTIONS

### 6.1 Employee contributions

All members of PSS are required to contribute 6% of their salary of office. Contributions are deducted from the employee's salary each fortnight by the employer and are paid into the scheme. Each time the employee's salary changes, the amount deducted should be adjusted to 6% of the new salary.

Contributions to PSS are payable to the end of the month prior to the month in which the employee's last day of service occurs. Therefore, contributions are not payable for any service in the month of exit. However, if the last day of service is the last day of the calendar month, contributions are also payable for that month.

A file providing the employee contribution breakdown is to be forwarded via the internet to Mercer.

#### Examples of calculation of an employee contribution:

##### Example 1: Full-time employment scenario

Formula: Contribution rate x monthly salary

Contribution rate	Monthly salary	Contribution amount
6%	\$2,400.00	\$144.00
6%	\$3,100.00	\$186.00

##### Example 2: Part-time employment scenario

Formula: Contribution rate x monthly salary x salary ratio

Contribution rate	Monthly salary	Salary ratio	Contribution amount
6%	\$2,400.00	0.5	\$72.00
6%	\$3,100.00	0.75	\$139.50

When a member's superable salary changes, the amount of contributions deducted is adjusted to 6% of the new salary level. The adjustment takes effect immediately.

## 6.2 Salary sacrifice

Members of PSS are able to pay their compulsory personal contributions to the fund as salary-sacrifice contributions.

Employees initiate salary sacrificing by making a request to their employer. Contributions can be made:

- entirely from the employee's before-tax salary (salary-sacrifice concessional contribution)
- entirely from the employee's after-tax salary (non-concessional contributions)
- from a combination of before-tax and after-tax salary.

PSS can only accept compulsory personal contributions equal to 6% of the employee's superable salary. If the employee wishes to contribute above this amount, they can make contributions to another superannuation fund as per Section 6.4.

### Examples

To calculate how much extra the employee needs to contribute if they elect to salary sacrifice the entire 6%, simply divide their current after-tax contribution amount by 0.85.

After-tax contribution amount = \$4,200.00

Before-tax contribution amount will be  $(\$4,200.00/0.85) = \$4,941.00$

Refer to PSS Fact Sheet 18: *Salary sacrifice your compulsory personal contributions to PSS* for additional information.

**Note:** Salary-sacrifice contributions are counted towards a member's concessional contribution cap. Concessional contributions above the cap will be taxed at the member's marginal tax rate (less a tax offset for the 15% contributions tax already deducted). For additional information please refer to PSS Fact Sheet 16: *Contribution caps and your total superannuation balance*.

## 6.3 Employer contributions

Employer contributions fund the employer-financed component of the PSS benefit and the Basic Benefit. NSW Treasury provides the funding for the employer reserves from which the employer-financed component of the PSS benefit and the Basic Benefit is paid. Employer contributions in respect of Public Service Senior Executive or Police Service Senior Executive officers should be remitted to Mercer to be credited to the relevant employer reserve.

Employers are required to make additional employer contributions (AEC) for any members that are eligible to receive AEC contributions. Mercer on behalf of STC, invoices employers monthly for the AEC component of SANCS. This invoice **advises** employers of the total amount payable, which must be paid within seven days of the last day of that month.

### Further information on Additional Employer Contributions (AEC)

A regular monthly AEC amount has been shown on invoices from April 2016. However, eligible members became entitled to receive the contributions from 1 July 2013, and employers have been funding this entitlement from that date.

As stated above, all employers who employ members that are eligible for Additional Employer Contributions (AEC) will be invoiced monthly for a SANCS AEC amount. However, not all PSS members are eligible for AEC contributions, with the following members not eligible to receive contributions:

- Any members not subject to NSW Public Sector wages policy. This includes members employed by the Police Association of NSW.
- Any members subject to the 2.5% wages cap but who received an increase in remuneration under an award or other industrial instrument that did not factor in superannuation guarantee rate increases. These members will become eligible for the SANCS AEC benefit when that award or industrial instrument expires; and
- Any members that are Public Service Senior Executives or in the Police Executive Service.

The AEC amount that an employer must pay is the equivalent of 2.5% (from 1 July 2024) of the salary of an eligible employee for each financial year, or part of a financial year, for which the employee is an employee. Employers are required to pay this amount on a monthly basis. Mercer will calculate the monthly amount due for each eligible employee of an employee, and the sum of those amounts will be included on the invoice, as discussed above.

The AEC rate was 0.25% for the 2013-14 financial year, 0.5% for the 2014-15 to 2020-21 financial years, 1.0% for the 2021-22 financial year, 1.5% for the 2022-23 financial year, 2.0% for the 2023-24 financial year and 2.5% from 1 July 2024.

The AEC rate will increase in line with future increases in the SG rate. The SG rate is currently legislated to increase by 0.5% to 12% from 1 July 2025, which would mean an AEC rate of 3.0%.

In certain circumstances, a PSS member may also be a contributing member of another superannuation fund. An employee may be working for the same employer in multiple positions and receiving separate remuneration, or working for two different employers. In both cases, the second job or job not covered by PSS will attract Superannuation Guarantee contributions, which will be made to the other complying superannuation scheme for that purpose.

#### 6.4 Optional employee contributions to another fund

In addition to their contribution to PSS, members may also make superannuation contributions to Aware Super or any other employee nominated complying superannuation scheme. Eligible employees may elect to make the following contributions to their non-PSS fund:

- top-up contributions (post-tax) to boost their personal superannuation savings
- contributions on behalf of a spouse as defined in the superannuation legislation
- salary-sacrifice contributions on a pre-tax basis (which are treated under the tax and compulsory preservation rules as employer contributions and are subject to 15% contributions tax).

Optional contributions to another superannuation fund do not affect the amount of an employee's PSS contribution, superannuation salary or the benefit entitlement from PSS.

However, employees should be aware of the contribution caps that apply to contributions in a financial year and the additional tax which may be applicable for exceeding the cap. Further information can be found in PSS Fact Sheet 16: *Contribution caps and your total superannuation balance*.

## 6.5 Contribution file specification

NSW Police Force, NSW Senior Executive Officers and Police Association of NSW all contribute via the PSS website and payment is remitted by an electronic funds transfer.

Mercer must provide receipts prior to allocating contributions to members' accounts.

### Employer contributions input file

A single file is prepared in Microsoft Excel format by the employer. It should be noted that Mercer's file-processing program, Transformer, will not check header or trailer records – these will be assumed to be correct. All monetary fields should be represented in dollars and cents, separated by a decimal point.

**Note:** Mercer uses Transformer to connect and transform files submitted via the website into files that can be accepted by the system where the fund is administered.



**Header**

Header record – one record per file						
Field	Len	Format	Comments	Description	Sourced from	Validation
Employer code	6	Alphanumeric	'C70000'	Identifier for police employer – note that this is the same number for all three police employers.	Static text	Mandatory
Payroll date	8	DD/MM/CCYY		This is the date for the start of the payroll period.	Employer	Mandatory

**Content**

Detail record – one record per member						
Field	Len	Format	Comments	Description	Sourced from	Validation
Payroll number	6	Numeric	Registered number		Employer	Mandatory – This member may be of any status - exited member details will not result in rejection by Transformer. Exception processing down-stream will handle these conditions.
Surname	25	Text			Employer	Mandatory
Given names	40	Text			Employer	Mandatory
Date of birth	10	DD/MM/CCYY	Member's date of birth		Employer	Mandatory
Sex	1	'M' or 'F'			Employer	Mandatory
Normal contributions	12	Numeric		Normal contributions for the month for the member.	Employer	Mandatory – may be zero but not negative
Salary-sacrifice contributions	12	Numeric		Salary-sacrifice contribution amount for the month.	Employer	Mandatory – may be zero but not negative

**Trailer****Pre-trailer record – one record per file***A blank line inserted before the trailer record***Trailer record – one record per file**

Field	Len	Format	Comments	Description	Sourced from	Validation
Count of data lines	5	Numeric		Number of detailed records in the file	File	Mandatory
Total normal contributions	16	Numeric		Total contributions for the month	Employer	Mandatory
Total salary sacrifice contributions	16	Numeric		Total contributions for the month	Employer	Mandatory

## 6.6 Leave without pay

Leave without pay (LWOP) is a period of leave during which the employee is not entitled to receive salary from the employer. For superannuation purposes, LWOP is categorised as either special leave or ordinary leave.

A member is only required to contribute for the first three months of a period of ordinary LWOP. Therefore, only the first three months will count as 'service' for benefit accrual purposes.

The basic benefit stops accruing after five days of ordinary LWOP, therefore, Mercer must be notified of all cases of ordinary LWOP exceeding five consecutive working days. The appropriate form should be completed and forwarded to Mercer (PSS Form 617: *Working Status Changes: Part Time Service, LWOP, Suspension (for more than 5 consecutive days)*).

For special full time leave, contributions are payable for the full period (subject to a maximum of 2 years), and the PSS benefit and basic benefit continue to accrue on a full time basis.

Employees should be made aware of the conditions applying to contribution payment. While compulsory contribution is payable, the member is not allowed to pay the contribution directly to the PSS account by remitting the money to Mercer. The payment is to be arranged through the employer, who will remit funds via the online contribution file or in paper advice.

## 6.7 Part-time LWOP

A member's superannuation contributions during a period of part-time employment are based on their actual part-time salary. Service for benefit purposes accrues on a pro-rata basis – that is, according to the proportion of actual service to potential full-time service (as measured by the difference between the part-time and equivalent full-time salaries).

In the case of ordinary LWOP taken on a part-time basis, superannuation contributions deducted from the employee's part-time salary are made at the rate of 6% of the:

- equivalent full-time salary (called attributed salary) during the first three months
- part-time salary during the remainder of the leave.

The first three months are treated as a period of full-time service for benefit purposes. The employee's service for the remaining period of part-time LWOP accrues on a pro-rata basis as described above.

In the case of special LWOP taken on a part-time basis, superannuation contributions deducted from the employee's part-time salary are payable at 6% of the part-time salary for the whole period.

Extended leave taken on a part-time basis falls into this category.

The employer is required to submit electronic monthly updates or, as soon as they are applicable, LWOP and CIHW files to Mercer via the internet.

## 6.8 Purchased leave

Purchased leave is a voluntary arrangement between the employee and the employer where the employee may purchase additional leave by reducing their annual salary.

The employee's salary is adjusted commensurate with the number of leave days purchased.

For the purchase of 20 additional days per year (four weeks), the new salary rate will be 92.3% of the ordinary rate or pro-rata equivalent.

For the purchase of 10 additional days per year (two weeks), the new salary rate will be 96.15% of the ordinary salary rate or pro-rata equivalent.

The employee's 6% compulsory contribution must be calculated based on the reduced salary.

After a purchased leave agreement is terminated, the calculation of contributions should return to the normal superable salary.

A termination of employment during the purchased leave agreement period will affect the employee's superannuation benefit entitlements (PSS and SANCS components) as it will be the reduced salary that is used to calculate the employee's final benefit. If an employee's period of purchased leave also covers an annual salary review day their benefit would be further affected.

We recommend that anyone considering purchased leave seek financial advice.

Aware Super financial planners have the knowledge and expertise to advise PSS members and have been providing advice to State Super members for over 30 years. Aware Financial Services Australia Limited<sup>1</sup> (Aware Financial Services) (ABN 86 003 742 756) holds an Australian Financial Services Licence (AFSL number 238430) and is able to provide financial product advice. Aware Financial Services is owned by Aware Super Pty Ltd as trustee of Aware Super. For more information about Aware Super call 1800 841 633 or visit [aware.com.au/state-super](http://aware.com.au/state-super).

Refer to PSS Fact Sheet 9: *Purchased Leave* for additional information.

<sup>1</sup>Aware Financial Services Australia Limited (Aware Financial Services) (ABN 86 003 742 756) holds an Australian Financial Services Licence (AFSL number 238430) and is able to provide you with financial product advice. Aware Financial Services is owned by Aware Super Pty Ltd as trustee of Aware Super.

State Super does not pay fees to, nor receives any commissions from Aware Financial Services for financial planning and member seminar services provided to State Super members.

Neither State Super nor the New South Wales Government take any responsibility for the services offered by Aware Financial Services and its related entities, nor do they guarantee the performance of any service or product provided by Aware Financial Services and its related entities.

## 6.9 LWOP and CIHW table

The following table summarises the differences in treatment between special leave and ordinary leave.

LWOP requested	Type of LWOP	Contributions payable	Service credited PSS	Service credited SANCS	Retention period of scheme membership
<ul style="list-style-type: none"> <li>Full-time sick leave.</li> <li>Full-time maternity leave or leave in respect of the adoption of a child.</li> </ul>	<b>Special</b>	Contributions payable for the whole of the leave, subject to a maximum of two years, at the rate of 6% of the salary of office payable to the member immediately before the commencement of the period of leave.	The period of 'special' leave taken during which contributions are payable.	The basic benefit accrues during the whole period of leave.	For the period of leave approved by the employer.
<ul style="list-style-type: none"> <li>Leave to undertake union duties for the Police Assoc. of NSW or the Public Service Assoc. of NSW.</li> <li>Any other leave that is deemed to be 'special' through the regulations.</li> </ul>	<b>Special</b>	Contributions payable for the whole of the leave at the rate of 6% of the salary of office payable to the member immediately before the commencement of the period of leave.	The period of 'special' leave taken during which contributions are payable.	The basic benefit accrues during the whole period of leave.	For the period of leave approved by the employer.
<ul style="list-style-type: none"> <li>Leave taken on a part-time basis that is deemed to be 'special' and the member continues to receive a salary of office.</li> <li>Includes extended leave at half pay and maternity leave at half pay.</li> </ul>	<b>Special part-time</b>	Contributions payable for the whole of the leave and deducted at the rate of 6% of the member's part-time salary.	Service accrues on a part-time basis. Extended leave at half pay falls into this category.	The basic benefit remains full time.	For the period of leave approved by the employer.

LWOP requested	Type of LWOP	Contributions payable	Service credited PSS	Service credited SANCS	Retention period of scheme membership
<ul style="list-style-type: none"> <li>Leave for the purposes of raising children of whom the member is a parent, or for whom he or she has assumed the responsibility of a parent.</li> </ul>	<b>Authorised</b>	Contributions are not payable for the period of 'Authorised' leave.	Only for the first three months when contributions are due.	The basic benefit does not accrue during any period of this leave.	Member is entitled to remain a contributor of the fund for a period of up to seven years even though they are not contributing.
<ul style="list-style-type: none"> <li>Leave taken in which the member is not entitled to payment of the member's salary of office and which is not classed as 'special' LWOP.</li> </ul>	<b>Ordinary</b>	Contributions payable for the first three months only at the rate of 6% of the superable salary payable to the member immediately before the commencement of the period of leave.	Only for the first three months when contributions are due.	The basic benefit does not accrue during any period of this leave.	For the period of leave approved by the employer.
<ul style="list-style-type: none"> <li>Leave taken on a part-time basis that is not deemed to be 'special' and the member continues to receive a salary of office.</li> </ul>	<b>Ordinary part-time</b>	Contributions are deducted from the member's salary at the rate of 6% of: <ul style="list-style-type: none"> <li>a) equivalent full-time salary during the first three months</li> <li>b) part-time salary during the remainder of the leave.</li> </ul>	The first three months are treated as a period of full-time service. The remaining period is credited on a part-time basis.	The basic benefit accrues on a pro-rata basis for the whole period of leave.	For the period of leave approved by the employer.

### LWOP and CIHW reference notes

- Submission of leave and change in hours worked details can be done through the PSS employer website in Excel format as well as by completing the following form:  
PSS Form 617: *Working Status Changes: Part Time Service, LWOP, Suspension (for more than 5 consecutive days)*
- Where contributions are payable, Mercer Administration allows the contributions to be submitted as a lump sum prior to commencing LWOP, during the period of LWOP or on return to work from LWOP.
- If ordinary leave is ongoing from part-time 'special leave' then the three month rule does not apply.
- If there are two periods of LWOP broken up by a period of service, then the three month rule will apply.
- For ordinary part-time LWOP, the three month rule applies the same way as ordinary LWOP.
- When advising of the part-time LWOP, the equivalent full-time and part-time salaries need to be provided to calculate the salary ratio.

### 6.10 Secondment

When an employee is seconded to another employer, employee contributions remain payable. The 'new' employer is required to pay monies back to the original employer, as the original employer continues to pay for the employee liability, and from the scheme perspective the original employer is to submit the contributions on behalf of the seconded employee.

Where a member is seconded from the NSW Police Force to the Police Association of NSW, and member contributions are paid by the Police Association of NSW, we are required to change the member's employer group to the Police Association of NSW.

An employee may be seconded for varying lengths of time to other employers, such as:

- Ombudsman's Office
- Corrective Services
- Commissioned Police Officers Association
- Police Association of NSW
- Independent Commission Against Corruption
- Papua New Guinea Police Force
- United Nations Organisation
- Attorney General's Department.

During periods of secondment, members must continue to pay their contributions to PSS based on the salary they would have received from the Police Force if they were not on secondment.

The Police Force ensures those contributions are collected and remitted to Mercer and each member's year-to-date superannuation contributions total is recorded and forwarded to Mercer on request to maintain the member's contribution account.



## 6.11 Part-time employment

The employer must advise Mercer of any change in an employee's basis of employment on PSS Form 617: *Working Status Changes: Part Time Service, LWOP, Suspension (for more than 5 consecutive days)*. The basis of the employment may have changed from full-time to part-time, part-time to full-time or part-time to part-time (where the salary ratio changes).

**Salary ratio = part-time salary/attributed full-time salary**

The following information is to be included in the form:

### **New attributed (full-time) salary:**

The full-time salary or, where the new basis of employment is part-time, the salary payable if the employee held an equivalent full-time position. All allowances for superannuation purposes are to be included in this figure.

### **New part-time salary:**

The actual part-time salary payable to the employee.

## 6.12 Contributions for employees aged between 65 and 70

The procedures that apply to employees aged 65 and over are:

- a)** Employee and employer contributions must continue to be paid to PSS for employees who do not choose to exit the scheme after reaching age 65.
- b)** Contributions remain payable up to an employee's 70th birthday.
- c)** An employee aged between 65 and 70 may, however, choose to exit PSS and receive payment of their PSS entitlement, or defer their accrued benefits in the form of a lump sum only. The employee must submit their instructions on what they intend to do with the PSS entitlement. The employer must submit the salary and contribution details to the nominated exit date.
- d)** Contributions and benefit accrual must cease at age 70.

**Note:** In the event that the employee takes their PSS benefit after reaching age 65 but continues to work (as per c) above), or continues to work after reaching age 70, it will be necessary for the employer to pay Superannuation Guarantee contributions to another complying superannuation scheme nominated by the employee.

## 6.13 Higher duty arrangements – relieving allowances

If a member is on a higher duty arrangement and receiving a higher duties or relieving allowance which is likely to be paid for a continuous period of 1 year, the allowance should be included in the employee's superannuation salary. The employer needs to provide the relevant certification.

To meet the certification requirements, the employer must send written advice (via email is acceptable) to Mercer that the employees relieving allowance is likely to be paid for a continuous period of 1 year. The allowance is included as salary for superannuation purposes on the date the certificate is lodged with Mercer or the date the allowance becomes payable, whichever is the later.

If a certification is not provided by the employer or it is not known how long the allowance will be

paid, the allowance will not form part of the employee's superannuation salary until it has been paid for a continuous period of 1 year. After the expiration of 1 year, the allowance should be reported by the employer as part of the annual salary review and will be treated as part of the employee's salary while its payment to the employee continues.

## 7 BENEFITS

PSS is a defined benefit scheme which provides an indexed fortnightly pension or a lump sum on retirement. The normal retirement age is 60, with an early voluntary retirement benefit payable from the age of 55. Benefits are also payable on resignation, discharge, disengagement, invalidity or death.

In addition to the PSS benefit, the SANCS benefit (which is made up of the basic benefit, any Commonwealth Government contributions, and the balance of the Additional Employer Contributions account if applicable), is also payable. However, the final superannuation benefit payable will be reduced by Commonwealth taxation requirements where applicable and any Commonwealth surcharge debt.

### 7.1 Summary of PSS benefits payable

Type of exit	Benefit payable
Resignation or dismissal prior to age 55	<p>A withdrawal benefit is payable on resignation from the NSW Police Force. The benefit is a refund of the total amount of the employee's contributions, plus interest payable from 23 November 1984 (or the date of scheme entry if it was after 23 November 1984). On dismissal, interest is only payable from 1 July 1990.</p> <p>The interest referred to above was fixed by legislation at 4.5% per annum until 30 June 1990. From 1 July 1990, interest is applied at the Fund's investment earning rate as determined by the Trustee. The member may choose to defer their benefit entitlement in the scheme to be payable at a later date from the age of 55. The value of the deferred benefit may be considerably higher than the withdrawal benefit as it contains an employer-financed component. Spouse/partner and children's benefits are forfeited if a member elects to take immediate payment of their withdrawal benefit.</p>
Early voluntary retirement between ages 55 and 60	<p>A pension or lump sum benefit is payable at a reduced rate. The amount of the benefit depends on the member's length of service and age at retirement.</p> <p>The closer the member is to 60, the higher the benefit for each completed year of service. The maximum early retirement benefit is payable after 30 years service. The maximum pension payable at the age of 55 is 58.20% of the member's salary of office at retirement. The maximum lump sum (at age 55) is 7.58 times salary of office.</p>
Normal retirement at age 60 and over	<p>A pension or lump sum benefit is payable at retirement at or after the age of 60. The amount of the benefit depends on the member's length of service, with the maximum benefit payable after 30 years service. The maximum pension entitlement is 72.75% of the member's salary of office at retirement. The maximum lump sum is 7.95 times salary of office.</p>
Scheme exit between 65 and 70	<p>A member aged between 65 and 70 may choose to exit PSS while still working and either receive payment of their retirement benefit or leave the benefit deferred (as a lump sum only) for payment at a later date (see Section 6.12 for more information about the employer's ongoing contribution liability for such employees).</p>

Type of exit	Benefit payable
Medical retirement (invalidity)	<p>An invalidity benefit is payable if you are medically retired by the NSW Police Force. There are two types of invalidity benefit payable:</p> <ol style="list-style-type: none"> <li>1. The general benefit (Not Hurt on Duty) is based on the member's length of service at retirement and is a lump-sum amount (equal to twice the salary paid at retirement) where service is less than 20 years, or a pension for service of 20 years or more (maximum of 72.75% of salary of office after 30 years service).</li> <li>2. The Hurt on Duty retirement benefit is a pension of 72.75% of salary, irrespective of length of service. However, a reduction will be made for any periods of part-time employment unless the total period of equivalent full-time service is at least 30 years. Subject to certain prescribed conditions, the pension may be increased depending on the member's capacity to undertake alternative employment and the degree of risk they were exposed to in the NSW Police Force.</li> </ol>
Death	<p>The amount of benefit paid will depend on whether death is determined by the Commissioner of Police to have been caused by the member having been 'hurt on duty'.</p> <ol style="list-style-type: none"> <li>1. The benefit payable where a member is not hurt on duty is a lump-sum 'gratuity' benefit. It is payable to the member's spouse or de facto partner (or to the estate of the deceased if there is no spouse or de facto partner) and is based on age and years of membership at death.</li> <li>2. A pension is payable to the member's spouse or de facto partner or other dependent relative, where the member is determined as being 'hurt on duty'. The pension is 55% of the member's salary at death, which may be increased to a maximum of 62.5% of that salary under certain conditions. A pension is also payable for any child under 18 years of age or up to age 21 if in full-time study. In addition, a lump 'gratuity' benefit is also payable to the member's dependants.</li> </ol>
Disengagement	<p>The disengagement benefit is payable to members who:</p> <ul style="list-style-type: none"> <li>• are over 45 years of age and under 55 years of age</li> <li>• have served as a member of the Police Force for at least 20 years of equivalent full-time service.</li> </ul> <p>The benefit comprises a lump sum based on the commuted value of the retirement benefit a member could have expected to receive at age 55, according to their accrued service at the exit date and discounted for the period between that date and their 55th birthday. In other words, it represents the member's accrued (retirement benefit) rights in the scheme at the exit date.</p>
HOD medical expenses and permanent impairment	<p>The PSS pays HOD medical expense and permanent impairment gratuities equivalent to those under the <i>Workers Compensation Act 1987</i>.</p>

## 7.2 Basic benefit

The basic benefit is additional to the PSS benefit and accrues at the rate of up to 3% of final average salary or final salary, depending on the mode of exit and age, for each year of service from 1 April 1988. Periods of non-prescribed LWOP greater than five days do not count as service for basic benefit purposes. The basic benefit is fully paid by employers.

The basic benefit scheme was effectively closed to new members from 1 July 1992. It was replaced for new employees by Aware Super. That is, employer (Superannuation Guarantee) contributions for new employees were paid to Aware Super unless the employee nominated another complying superannuation scheme for that purpose. However, contributory members of PSS continue to accrue the basic benefit entitlement.

Type of exit	Salary used to calculate the basic benefit
At or after age 55	Final average salary
Invalidity or death prior to age 55	Final salary
In other circumstances of exit prior to age 55	Final average salary

Refer to STC Fact Sheet 10: *Basic Benefit* for further details.

## 7.3 SANCS Additional Employer Contribution (AEC) Benefit

The SANCS AEC benefit is paid in addition to the PSS benefit and the Basic Benefit. Unlike these other benefits, which are defined benefits, the SANCS AEC benefit is an accumulation-style benefit. Each eligible PSS member will have a SANCS AEC account into which the additional employer contributions (AEC) amounts are allocated each month. Tax at the rate of 15% is deducted from these contributions when received and the monthly balance of the account attracts investment returns at the fund growth rate. A member's SANCS AEC benefit is the balance of this account when they exit the fund.

Form E STC 221 *Members with change in AEC status* should be completed and submitted to notify us of any change in AEC status, so that the accrual of entitlements and contribution rates (if applicable) can be adjusted.

Not all PSS members are eligible for the SANCS AEC contributions, and so will not have a SANCS AEC benefit. Members who are not eligible include:

- Any members not subject to NSW Public Sector wages policy. This includes members employed by the Police Association of NSW.
- Any members subject to the 2.5% wages cap but who received an increase in remuneration under an award or other industrial instrument that did not factor in superannuation guarantee rate increases. These members will become eligible for the SANCS AEC benefit when that award or industrial instrument expires; and
- Any members who are Public Service Senior Executives or in the Police Executive Service.

The SANCS AEC benefit is fully paid by employers.

Refer to STC Fact Sheet 20: *SANCS Additional Employer Contributions (AEC) Account* for more information.

## 7.4 Commonwealth Government co-contributions and the Low Income Superannuation Tax Offset (LISTO)

The superannuation co-contribution is a Commonwealth Government initiative to assist eligible individuals to save for their retirement. If eligible employees make personal after-tax contributions, the Government will contribute up to certain limits.

The Low Income Superannuation Tax Offset (LISTO) is a contribution tax refund of up to \$500 annually for low-income earners.

Co-contributions and LISTO can be accepted into PSS, forming part of the SANCS benefit.

For more information, refer to STC Fact Sheet 13: *Information about the Commonwealth Government's Superannuation co-contribution and the low income superannuation tax offset.*

## 7.5 Deferring a benefit entitlement

As an alternative to receiving a 'cash' withdrawal benefit on resignation, dismissal or discharge, a member may choose to leave their entitlements in PSS, to be deferred for a payment at a later date.

Because it contains the employer-financed component of the accrued benefits, the value of the deferred lump-sum benefit may be considerably higher than the withdrawal benefit immediately payable on resignation.

### Important points

The deferred lump-sum benefit:

- contains the accrued employer-financed retirement benefit
- is calculated as the early retirement lump-sum benefit discounted for the period between age at exit and 55
- is payable from age 55 or earlier in the event of death or invalidity
- is payable to the spouse or de facto partner (or to the estate if there is no eligible spouse or de facto partner) in the event of death of the member
- is adjusted in accordance with movements in the Consumer Price Index (All Groups Index, Sydney) between the date of deferral to the date of payment
- will be adjusted by investment earnings if the deferred lump sum is a deferral of a commuted retirement pension.

## 7.6 Claiming a previously deferred benefit

The deferred benefit can be released to the member in one of the following circumstances:

- on financial hardship or compassionate grounds (subject to conditions and payment limits)
- on permanent invalidity or death to a surviving eligible spouse or de facto partner (which may include a partner of the same sex) or the estate if there is no eligible spouse or de facto partner
- at the normal retirement age (i.e. age 60).

A deferred benefit member has the option at any time to take the original cash benefit (immediate lump sum) plus interest (unless they are a NSW Public Service Senior Executive Officer (or a Police

Executive Officer) who deferred a benefit without ceasing employment, in which case, their benefit must remain deferred in the Scheme until they reach age 55 and cease the public sector employment that gave rise to their deferred benefit, or reach age 65).

However, by doing this the member forfeits the right to the deferred benefit which includes the employer-financed component.

When the immediate or deferred lump-sum becomes payable, the member is able to roll it over into another complying superannuation fund.

## 7.7 Compulsory preserved benefit

Commonwealth provisions generally require part of a contributor's superannuation benefit to be preserved until ceasing employment after age 60, or permanent retirement from the workforce at or after the member's preservation age, which is between the age of 55 and 60.

For PSS members, the compulsory preserved benefit is the basic benefit component.

The benefit will be paid earlier than the preservation age in the event of the member's permanent invalidity or death. Partial payment on the basis of financial hardship or compassionate grounds may also be approved.

Conditions of release of the compulsory preserved benefit are:

- the employee ceases employment from age 60
- the employee retires from the workforce at or after their preservation age which is between the ages of 55 and 60 depending on their date of birth (see the table below)
- the employee reaches age 65, even if they continue to work
- the employee becomes permanently incapacitated or dies
- the employee meets the criteria for part of the benefit to be released on financial hardship or compassionate grounds (See STC Fact Sheet 2: *Early Release of a Benefit on Grounds of Severe Financial Hardship* or Fact Sheet 6: *Early Release of a Benefit on Compassionate Grounds*).

The aim of the preservation standards is to help maintain, and grow, the member's super savings until normal retirement age. Retirement has a specific meaning under the superannuation payment standards depending on the member's preservation age. The preservation age of a fund member is defined in the table below.

Member date of birth	Preservation age
Before 1 July 1960	55 years
Between 1 July 1960 and 30 June 1961	56 years
Between 1 July 1961 and 30 June 1962	57 years
Between 1 July 1962 and 30 June 1963	58 years
Between 1 July 1963 and 30 June 1964	59 years
After 30 June 1964	60 years



If a member has reached their preservation age, but is under 60 years of age, retirement means they need to have ceased work permanently.

## 7.8 Partial payment of superannuation entitlement

Early release of a superannuation benefit on the grounds of severe financial hardship or compassionate grounds is available subject to meeting strict conditions. If a member of the scheme is not contributing or is a deferred member they may access part of their benefit on financial hardship grounds.

However, an active member may be able to access part of their benefit while still contributing to the scheme on compassionate grounds.

Refer to STC Fact Sheet 2: *Early Release of a Benefit on Grounds of Severe Financial Hardship* or Fact Sheet 6: *Early Release of a Benefit on Compassionate Grounds*.

## 8 CEASE TO BE A MEMBER OF PSS

### 8.1 Employment transfer

Mercer should be advised of a transfer from NSW Police Force to the Police Association of NSW as soon as it becomes effective. The employee is then no longer entitled to claim an exit from the fund on the grounds of Hurt on Duty or Not Hurt on Duty.

A transfer of employment to another NSW Government department permanently is to be treated as exiting from the fund. For a temporary transfer of employment, please see the explanation in Section 6.10 for an alternative.

### 8.2 Withdrawal, resignation and dismissal

A withdrawal exit may be the result of an employee resigning, being discharged or being dismissed from employment prior to early retirement age.

The employer is to complete the PSS 609 form and submit it to Mercer.

### 8.3 Retirement or early voluntary retirement

A normal retirement benefit is payable when a member exits after having reached age 60 years. The amount of benefit payable depends on the member's length of service, with the maximum payable after the completion of 30 years of service.

An early voluntary retirement benefit is payable when a member exits between the ages of 55 and 60. The amount of benefit payable depends on the member's length of service and age at retirement. The closer the member is to age 60, the higher the benefit for each year of service.

The employer is to complete the PSS 609 form and submit it to Mercer.

### 8.4 Disengagement

The disengagement benefit is a benefit that may be offered to an individual officer who is a member of PSS or to a class of officers. The offer may be made by the Commissioner of Police if he/she considers that it is in the interest of the Police Force. The benefit is available only to a member aged 45 to 54 (inclusive) who has given at least 20 years equivalent full-time service. It is not available to Public Service Senior Executive or Police Service Senior Executive officers.

The employer is to complete the PSS 609 form and submit it to Mercer.

### 8.5 Medical retirement (Hurt on Duty and Not Hurt on Duty)

The payment of an invalidity benefit is dependent on the following conditions:

- STC being satisfied on medical advice that the member has become incapable of personally performing the functions of a Police Officer, including a constable, as a result of a medical condition
- the member being discharged as being medically unfit by the NSW Police Force. In addition, Hurt on Duty applications must be certified by the Commissioner of Police before they can be accepted by STC.

A summary of the basic procedures that apply with respect to processing invalidity payments is below.

Who	Responsibility
PSS member, their solicitor, or NSW Police Force	Completes application form (for member and their solicitor) and sends to Mercer.
Police – Workers Compensation	<ul style="list-style-type: none"> <li>Gathers medical documents including reports from Police Medical Officer, Rehabilitation and Workers Compensation.</li> <li>Makes a current fitness recommendation and sends medical discharge application and associated paperwork to Mercer.</li> </ul>
Mercer	<ul style="list-style-type: none"> <li>Arranges independent assessment and may refer to consultant specialist(s).</li> <li>Makes a recommendation to PSAC.</li> </ul>
PSAC	<ul style="list-style-type: none"> <li>Decides whether member is unfit for duty.</li> <li>Decides on medical condition (specified infirmity) for discharge.</li> </ul>
Mercer	<ul style="list-style-type: none"> <li>Advises Medical Discharge Coordinator of PSAC outcome and decisions.</li> <li>Sends letter to member/legal representative advising of PSAC decision. Letter includes application for PSS benefit and associated forms.</li> </ul>
Employee Relations Directorate	<ul style="list-style-type: none"> <li>Makes decisions as to whether member can be medically retired and nominates last day of service.</li> <li>Advises police regional, salaries and Workers Compensation areas.</li> </ul>
Police Salaries	Sends Mercer advice of member ceasing employment, PSS Form 609 and Working History spreadsheet, where applicable
Police-Workers Compensation	<p>Decides whether member's specified infirmity is classified as Hurt on Duty or not. Issues 10B(3)(a) certificate and advises member and Mercer.</p> <p>Advises Mercer whether death was caused by member being HOD.</p> <p>For medical expense and permanent impairment claims, advises Allianz as agent for STC whether member was HOD.</p>
Mercer	Reviews all data and payment instructions and processes applicable benefit payment(s).

**Note:** A member suffering from a terminal medical condition may be able to have their lump-sum benefit paid tax free.

## 8.6 Death

A spouse or de facto partner benefit is payable on the death of a current member or pension member. A same sex partner may qualify for this benefit. If the death was caused by the member being HOD, a pension may also be payable for any child or children of the deceased member. If a member of PSS dies and there is no spouse or de facto partner benefit payable, the benefit is payable to the estate.

The employer must complete the PSS Form 609 as soon as information in regard to the date of death is received.

## 8.7 Members aged 65 to 70

Superannuation contributions remain payable for employees to age 70. However, an employee aged between 65 and 70 may choose to exit PSS and receive payment of their accrued benefit, or transfer their accrued benefit to another complying superannuation scheme. The employer is to complete PSS 609 and send it to Mercer.

In these cases, it will be necessary for the employer to pay Superannuation Guarantee contributions to another complying superannuation scheme.

Employee and employer contributions must continue to be paid to PSS for employees who do not choose to exit the scheme after reaching age 65, and contributions remain payable up to an employee's 70th birthday.

## 8.8 Members aged 70

While an employee may choose to continue working after reaching age 70, their contributory membership of PSS must cease when they attain that age. The employee must be paid any benefit that they would be entitled to if they retired at that age, but they also have the option to commute any pension payable under the scheme to a lump sum and defer their lump sum within the scheme if they are continuing to work a minimum of 30 hours each week.

From 1 July 2013, the age limit for superannuation guarantee purposes was abolished and eligible employees aged 70 years and older will be entitled to compulsory Superannuation Guarantee contributions. These contributions can be paid to Aware Super or another fund nominated by the employee.

The employer is to complete the PSS Form 609.

## 8.9 Employer Forms

These forms are for use by employer representatives for PSS members.

### Employer form name

Advice of member ceasing employment (PSS Employer Form 609)

To advise of members ceasing employment, or for members between 65 and 70 who are still working but wish to be paid their benefit.

Application form for medical discharge benefit (s8 & s10B(1))

(PSS Employer Form 15B) To be used by employers when a medical discharge is being sought by the NSW Police Force. This form can only be signed and submitted by the Police Commissioner or his delegate.

Advice of part time or full time LWOP, or a change in hours worked (PSS Form 617: *Working Status Changes: Part Time Service, LWOP, Suspension (for more than 5 consecutive days)*)

Advice of a change in member AEC status, i.e., a member becomes relevant or non-relevant for AEC contributions (STC Form E221 Member with change in AEC status).

## 9 COMMONWEALTH TAXATION

### 9.1 Employer contribution tax

Since 1 July 1988, Commonwealth tax at the rate of 15% has been payable on employers' superannuation contributions.

Members meet the cost of this tax through a reduction in their employer-financed benefits paid in respect of service from 1 July 1988 (except where an employer-financed death benefit is paid to the dependants of a deceased member - in these cases no benefit reduction applies).

### 9.2 Contributions surcharge tax

The Commonwealth contributions surcharge tax commenced on 21 August 1996 and is payable where a member's taxable income plus employer superannuation contributions exceed the annually adjusted income threshold.

The surcharge tax in a defined benefit scheme like PSS is not payable to the ATO until part or all of the benefit leaves the scheme. Until then, the surcharge tax accumulates in a debt account that is increased at the Commonwealth 10-year Treasury bond rate on 30 June each year.

The surcharge tax is not payable on employer superannuation contributions made after 1 July 2005. However, any surcharge debt a member had prior to 30 June 2005 will remain in PSS and will continue to accrue interest until the debt is paid.

Further information can be found in STC Fact Sheet 1: *Information about the Commonwealth contributions surcharge*.

### 9.3 Tax of benefits

If a member is receiving a PSS pension, tax is generally not payable if they are over the age of 60, but some tax may be payable if their pension is more than \$118,750 per annum. Tax may be payable on a pension if they are under 60.

No benefits tax is payable on superannuation lump sum payments if a member is over the age of 60 when the lump sum benefit is received. If the member is under 60, tax may be payable.

The actual tax payable varies depending on the type of benefit taken, the member's tax-free amount, the eligible service period, their age and the reason for terminating employment. The tax will be calculated and deducted from the benefit at the time of payment if not rolled over to a complying superannuation scheme. Additional tax concessions generally apply to superannuation benefits, depending on the recipient's age and the type of benefit payment.

The member's tax-free amount and eligible service period start date are shown on their annual statement. The tax-free amount comprises two components:

- the total amount of after-tax personal contributions paid to PSS since 1 July 1983 (or the date the member joined the scheme, if later), including any Commonwealth Government co-contributions. These contributions are called non-concessional contributions
- the proportion of benefits (if any) that relate to service before 1 July 1983. In accordance with Commonwealth tax requirements this component was calculated at 30 June 2007.

The tax-free amount is calculated as a percentage of the total benefit and each proportion of the total benefit withdrawn has the tax free percentage applied.

The tax treatment of superannuation is complex. An overview is contained in STC Fact Sheet 3: *Taxation*. We encourage members to obtain professional advice in relation to their own personal situation from an appropriately qualified adviser.

#### 9.4 Division 293 tax

From 1 July 2012 a tax of 15% applies to the concessional taxed contributions (Concessional Contributions) of very high income earners. This tax effectively reduces the tax concession for very high income earners from 30% to 15% (excluding the Medicare levy).

**Concessional Contributions** include employer contributions (in the case of a defined benefit scheme such as PSS these are calculated on a notional basis) plus contributions paid by a member to a superannuation fund from their before tax salary (salary sacrifice).

**Concessional Contributions Cap** is the annual limit that is placed on the total amount of concessional contributions that can be made into superannuation funds for an individual that are treated on a concessional taxed basis. For the financial year ending 30 June 2025, the cap is \$30,000 for all members (note that a person's individual cap may be higher if they have unused concessional contributions from earlier years (the first year unused cap amounts could accrue was the 2018-19 year, and after 5 years any unused cap amount expires), and their total super balance at the previous 30 June is <\$500,000).

There are special conditions applying to defined benefit funds. A member of a defined benefit fund whose defined benefit concessional contributions only, exceed their respective cap is deemed to be within their cap (capped amount). Any additional concessional contributions made to other superannuation funds are added to the defined benefit amount by the ATO and are not capped.

However, for Division 293 tax purposes, the cap does not apply and the **total amount of concessional contributions (uncapped amount)** will be taken into account.

An individual will receive a Division 293 tax assessment if they have **taxable contributions** for a financial year. To have taxable contributions, their income for Division 293 purposes, plus their low-**tax contributions (including the uncapped amount)** need to be greater than the High Income threshold. The amount of taxable contributions will be the lesser of the low-tax contributions (including the uncapped amount) and the amount above the High Income threshold. An individual will be liable to pay 15% of the taxable contributions.

The High income threshold is:

Income year	Threshold amount
2017-18 onwards	\$250,000
2012-13 to 2016-17	\$300,000

For a member of a defined benefit fund, **low-tax contributions** equal:

- Defined benefit scheme – a notional valuation of employer contributions (notional taxed contributions) plus before tax (salary sacrifice) contributions paid to the fund (uncapped amount)
- Other superannuation fund - any other salary sacrifice contributions or employer contributions paid to another fund minus any excess concessional contributions.

Excess concessional contributions made to another superannuation fund are not included in low-tax contributions as these contributions are already subject to the excess concessional contributions regime.

Further information can be found in STC Fact Sheet 3: *Taxation*.

## 10 TAX FILE NUMBERS

### 10.1 Tax file number collection

PSS members do not have to provide their tax file number (TFN) to Mercer. However, if a member does not do so, any lump-sum benefit paid to the member will have PAYG tax deducted at the highest marginal tax rate rather than at superannuation concessional rates.

If the employer or member does not provide the TFN, an additional tax of 32% (on top of the 15% employer contributions tax) may be applied to the employer and salary sacrifice contributions. In addition, any Commonwealth Government co-contributions or LISTO payments will not be able to be accepted into the member's account.

If an employee requests an employer to provide their TFN to the fund, it is important that it is promptly forwarded to Mercer. That is, where the employee has answered yes at question 2 on the Tax File Number Declaration form.

Alternatively, employees can provide this information to Mercer in STC Form 204 *Tax file number collection* or by calling Customer Service on 1300 130 097.

### 10.2 No TFN contributions tax

If an employee has not provided PSS with their TFN, an additional 32% (on top of the 15% employer contribution tax) may be applied to any employer (including salary sacrifice) contributions.

If additional tax has been paid in regards to a member's employer contributions a reduction will be made to their benefits when they exit the scheme. This reduction may be reduced if the member provides their TFN.

Refer to STC Fact Sheet 3: *Taxation* for more information.



## More information

If you need more information, please contact us:

<b>Telephone:</b>	1300 142 708 8.30 am to 5.30 pm, Monday to Friday.
<b>Postal address:</b>	State Super, GPO Box 2181, Melbourne VIC 3001
<b>Internet:</b>	<a href="http://www.statesuper.nsw.gov.au">www.statesuper.nsw.gov.au</a>
<b>Email:</b>	<a href="mailto:STC_Employer@mercero.com">STC_Employer@mercero.com</a>

## Important numbers

ABN: 29 239 066 746

### Unique Superannuation Identifier (USI)

SASS:	29 239 066 746 001
SANCS:	29 239 066 746 001
SSS:	29 239 066 746 003
PSS:	29 239 066 746 002
Deferred Benefits:	29 239 066 746 004
Pensions:	29 239 066 746 006

### Superannuation Product Identification Number (SPIN)

SASS:	SAS0102AU
SSS:	SAS0100AU
PSS:	SAS0101AU