

## RETIREMENT BENEFIT CALCULATION

**Jenny joined SASS\* on 1 July 1987 and retired when she reached 58 years of age on 1 July 2017. Jenny's details are:**

Age:	58
Years of membership:	30
Final average salary:	\$85,000
Average contribution rate over her 30 years of membership:	6%
Accrued benefit points:	180
Balance of her personal account:	\$230,010
Balance of her Additional Employer Contribution (AEC) account:	\$2,160
Surcharge tax debt or other SASS debts:	Nil
Commonwealth Government co-contribution and LISC amount:	Nil

*\*Jenny was originally a PASS member, and joined SASS when her PASS membership was transferred to SASS on 1 April 1988.*

**Note:** The information in this example has been used to illustrate how the retirement benefit is calculated. While the example uses commonly accepted assumptions, the balance of your personal account will reflect the actual investment returns achieved during your SASS membership. You should refer to your own Annual Benefit Statement to determine the actual investment returns you have achieved.

### Jenny's retirement benefit is the sum of:

The balance of her personal account: **\$230,010**

**plus**

The balance of her Additional Employer Contribution (AEC) account: **\$2,160**

**plus**

The employer-financed benefit of 2.5% of Jenny's final average salary for each accrued benefit point, less the 15% contribution tax for each year of membership from 1 July 1988.

Jenny's benefit component made up of one year of membership prior to 1 July 1988 before the Commonwealth Government introduced the 15% contribution tax:

$2.5\% \times \$85,000 \times (1 \text{ year} \times 6 \text{ benefits points per year})$   
 $= 2.5\% \times \$85,000 \times 6 =$  **\$12,750**

**plus**

Jenny's benefit component built up after 1 July 1988, which is subject to the 15% contribution tax:

$2.5\% \times \$85,000 \times (29 \text{ years} \times 6 \text{ benefit points per year})$   
 $= 2.5\% \times \$85,000 \times 174 = \$369,750$   
 less the 15% contribution tax of \$55,462 = **\$314,288**

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**plus**

The basic benefit of 3% of Jenny's final average salary for each year of membership from 1 April 1988, less 15% contribution tax for each year of membership from 1 July 1988:

Jenny's basic benefit component, made up of 91 days between 1 April 1988 and 30 June 1988 before the Commonwealth Government introduced the 15% contribution tax:

$$\begin{aligned} 3\% \times \$85,000 &= \$2,550 \text{ (annual amount)} \\ \$2,550 \text{ divided by } 365.25 \text{ (days in a year)} \times 91 \text{ (actual accrual days)} &= \mathbf{\$635} \end{aligned}$$

**plus**

Jenny's basic benefit component built up after 1 July 1988, which is subject to the 15% contribution tax:

$$\begin{aligned} 3\% \times \$85,000 \times 29 \text{ years, less } 15\% \text{ tax} \\ 3\% \times \$85,000 \times 29 &= \$73,950 \\ \text{less the } 15\% \text{ tax of } \$11,092 &= \mathbf{\$62,858} \end{aligned}$$

**Jenny's total retirement benefit: \$622,701**

Jenny reached this figure because she made sure she contributed the optimum level of 6% of her salary throughout her SASS membership (see benefit points).

Jenny has several benefit payment options available to her. For full details on how this benefit can be paid and any conditions relating to its payment, please see Benefit payment options.

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