STATE SUPER
SAS Trustee Corporation

SSS Employer Easy Reference Guide

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1 INTRODUCTION AND OVERVIEW

1.1 Introduction

This Employer Easy Reference Guide is designed to help you, as an employer, respond to the requirements imposed by 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 that may arise for employers or employees in relation to superannuation.

More information about scheme benefits, rules and other superannuation issues for employers and members is provided in our fact sheets. These fact sheets are available at www.statesuper.nsw.gov.au or from your Mercer Employer Relationship Officer.

1.2 Scheme overview

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

SSS was established by the NSW Government on 1 July 1919, under the *Superannuation Act 1916* (NSW). SSS was closed to new members from 1 July 1985.

SSS is a defined benefit scheme, which means that benefits are based on a specified formula, and as such are not directly affected by investment returns. SSS members contribute towards units of fortnightly pension throughout their membership. The number of units that members are entitled to contribute towards is determined by the member's salary. The contributions which members make depend on the member's age, when the units were granted and the member's gender.

The normal retirement age is 60, except for female members who elected, on joining, to retire at age 55. Although the scheme is essentially a pension scheme, lump-sum options are available.

Members of SSS also receive a 3% non-contributory defined superannuation benefit (known as the basic benefit) for all service since 1 April 1988. 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
Abandoned units	Units to which a member is entitled but for which they have elected not to contribute. New units which accrue to a member can be abandoned on an annual adjustment day if their contributions exceed 6% of salary.
Act	SSS's governing statute, the *Superannuation Act 1916*.
Additional Employer Contributions (AEC)	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. The rate is equivalent to a percentage of each eligible employee's salary as follows: 1 July 2013 – 30 June 2014 ..... 0.25% 1 July 2014 – 30 June 2021 ..... 0.5% 1 July 2021 – 30 June 2022 ..... 1.0% 1 July 2022 – 30 June 2023 ..... SG charge minus 9% (i.e. 1.5%) 1 July 2023 – 30 June 2024 ..... SG charge minus 9% (i.e. 2.0%) 1 July 2024 onward ..... SG charge minus 9%.
Additional Employer Contributions (AEC) Benefit	The balance of the AEC account when a member exits the fund.
Additional Employer Contributions (AEC) Account	An account that each monthly AEC contribution is allocated to. Each relevant member has an AEC account.
Annual statement	The annual statement issued to members showing their accrued benefit entitlements in SSS. Generally issued in October.
Annual review day	The day on which each member's entitlement to additional units is reviewed, to be adjusted from their annual adjustment day. This day is 9 February for members born in the second half of the year and 28 July for those born in the first half of the year.
Annual adjustment day	The day from which any adjustments to a member's contribution rate, following the annual review day, will take effect. This day is 5 May for members born in the second half of the year and 21 October for those born in the first half of the year.
Aware Super	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. Aware Super accepts employer Superannuation Guarantee contributions required to be made under Commonwealth legislation (which may include contributions for SSS members who have such an entitlement in respect of employment separate to that relevant to their SSS membership). An Aware Super Employer Handbook is available from aware.com.au

Terminology	Definition
Basic benefit	The productivity-type superannuation benefit accrued by SSS members in addition to their contributory scheme benefits. Calculated at 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. It is fully employer financed.
Commonwealth Government co-contributions	Made by the Commonwealth Government to match personal contributions made into superannuation funds by eligible persons.
Commutation	The exchange of all or part of a pension benefit for a lump sum.
Contributed units	The number of units for which a member is contributing. The difference between a member's unit entitlement and contributed units is generally the number of abandoned units.
Contributor	An employee who is a member of the SSS.
Defined benefit	A benefit that is based on a member's final or final average salary upon exiting employment. The formula for calculating a defined benefit may (as in the case of some SSS benefits) also take into account the member's length of membership and the level of contributions they have made.
Early retirement age	The age of 55 (for a person contributing for retirement at age 60 years), provided they have 10 years continuous membership in the scheme.
E-Business	A method for employers to send and receive data securely and efficiently via the State Super website.
Employee number	The employer's reference code for an employee, often known as the serial number. This code may be up to seven characters long.
Employer code	The SSS six-character identification number issued by Mercer. This is the reference code for the employer's accounts and for employee contributions remitted in advice sheets. It is important that this code is used on all SSS forms and correspondence.
Exit date	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 SSS must cease when they attain that age - the exit date in this scenario will be the date the employee turns 70 years of age.
Final salary	The annual salary for superannuation purposes paid or payable to a member at their exit date, as specified in the Act.
Invalidity benefit	An invalidity benefit is payable from the scheme where a member has retired on the grounds of invalidity or physical or mental incapacity to perform their duties, as determined by the STC. Also known as ill-health or breakdown benefit.

Terminology	Definition
Member number	Each member has a unique six-digit number that does not change for their period of continuous membership of the scheme. It is also known as the file number or superannuation number.
Mercer	Mercer Administration Services, the contracted scheme administrator for SSS.
Normal retirement age	60 years, or 55 years for women contributing to retire at age 55.
Public Service Senior Executive Bands	Public Service Senior Executives are remunerated in accordance with bands provided for under section 37(1) of the *Government Sector Employment Act 2013.*
Reduced value units	Abandoned units that retain some benefit at exit, the cost of which is met by the employer. Also known as non-contributed units.
Reserve units	Units for which a member contributes in advance, in order to substitute them for ordinary units at a later date.
Roll	The list of SSS members forwarded to employers prior to the relevant annual review day, for updating annual salaries.
Salary	The annual amount, for superannuation purposes, paid or payable to a member, as specified in the Act.
Salary ratio	The ratio of the annual part-time salary to the equivalent annual full-time salary (part-time salary divided by full-time salary). The salary ratio for full-time employees is 1 and the salary ratio for part-time employees is less than 1.
SANCS	The State Authorities Non-contributory Superannuation Scheme, pays a benefit in addition to the SSS 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).
SASS	The State Authorities Superannuation Scheme is another scheme administered by Mercer on behalf of STC. It closed to new members on 19 December 1992. A SASS Easy Reference Guide for employers is available at www.statesuper.nsw.gov.au
SES	SES employees have now become Public Service Senior Executives, who are employed in Public Service Senior Executive bands. These bands also apply to Police Service Executives, Health Service Executives and Transport Service Executives.
Shortfall benefit	See Superannuation Guarantee benefits.

Terminology	Definition
Spouse/de facto partner	The 'spouse' of a person includes: • 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; • 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.
STC	The SAS Trustee Corporation (the scheme Trustee) as constituted by the *Superannuation Administration Act 1996.*
Superannuation Guarantee benefits	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. 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.
Superannuation period	Also known as a contribution period, there are 13 four-weekly SSS superannuation periods each year. The dates of the periods are fixed and period one commences on 1 July each year. Employee contributions deducted from salaries should be forwarded to Mercer within seven days of the end of each period. See Section 7.1 *Employee contributions* for the start and end dates of each period.
Unit entitlement	The number of units of pension for which a member is entitled to contribute based on their salary for superannuation purposes.

3 EMPLOYER CONTACT

STC is the Trustee of SSS and SANCS. Mercer is the administrator of SSS and SANCS.

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
Fax: 02 4298 6688
Email: STC_Employer@mercer.com

3.2 Where to find the employer website

Mercer has a dedicated website for SSS employers:
https://services.pillar.com.au/StateEmployers/Login.aspx

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

3.3 Using the employer website

The following functions are available on the employer website.

File Send

Use this function to send your annual review salary updates or your superannuation contribution return files.

Data Entry

There are several functions available under the Data Entry tab.

Advice of member ceasing employment

Use this function to notify Mercer of any employees who have ceased employment with you or employees aged between 65 and 70 who are still working but wish to be paid their benefit.

Superannuation contribution return

Use this online form to complete a contribution return for contributions deducted from your employee's salaries.

Update member details

Use this function to notify Mercer of employee changes. This includes changes to employment status such as part time to full time, or transferring to another public sector employer, and changes to personal details such as name or date of birth.

Update member details for a change in AEC status

This function allows you to notify Mercer of any members that move within your agency to positions that make them either eligible or ineligible to receive AEC contributions.

File download

This area contains files such as rate adjustment schedules to help you fulfil your superannuation requirements.

File status

This area contains a list of the files you have previously sent Mercer. You can download the files in two formats: CSV to use in financial software, or HTML if you are printing a hard copy.

Member Administration

In this area you can view the details held by Mercer regarding your employees, including member number, name, date of birth, address and whether a valid tax file number is held.

Tools

This area provides details of the required formats for sending files via the employer website.

Guides

In this area you will find links to the SSS, SASS and PSS Employer Reference Guides.

Change Password

This function allows you to change your password. We recommend that you change your password regularly.

3.4 How to stay informed in regard to SSS

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

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

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

3.5 Fact sheets

The following STC fact sheets provide detailed information about State Super in general.

STC 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 a superannuation benefit 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
11. CPI adjustment of your pension
13. Information about the Commonwealth Government's superannuation co-contribution and the low income superannuation tax offset
14. Crystallising your benefit after age 55
16. Planning for your retirement
20. SANCS Additional Employer Contributions (AEC) Account

The following SSS fact sheets provide detailed information about the benefits available from SSS.

SSS Fact sheets
0. Overview
1. Salary for superannuation purposes
2. Unit entitlement
3. Contributions
4. Part-time employment and part-time leave without pay
5. Purchased leave
6. Continuity of Scheme Membership
7A. Normal retirement benefit 7B. Normal retirement benefit for female members born after 1 July 1960 and who elected to retire at age 55
8. Early voluntary retirement benefit
9. Invalidity retirement benefit
10. Death of a scheme member before retirement
11. Death of a scheme member after retirement
12. Child pensions
14. Exchanging your pension for a lump sum
15. Resignation (withdrawal) benefit
16. Retrenchment benefit

SSS Fact sheets
17. Optional deferred benefit
20. Contributions and benefits up to age 70
22. Contribution arrears
23. Contributions caps and your total superannuation balance
24. Salary sacrifice your compulsory personal contributions to SSS

3.6 Where to get more general information

For more information visit www.statesuper.nsw.gov.au. There is also 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 and download employee data
- publications and recent communications to employers
- employer and member forms and fact sheets for you to print.

4 EMPLOYER'S RESPONSIBILITIES

4.1 Legislative requirements

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

- 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 timely advice of changes to employee details, including details of changing jobs within the NSW public sector or exiting the scheme
- 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
- providing an employee's tax file number to Mercer when authorised to do so by the member
- completing the annual adjustment and annual review day process
- 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 SSS benefit
- providing complete and accurate details when an employee dies, including details of the next of kin when available
- referring members who will medically retire from the workforce to Sonic HealthPlus (where applicable) for a medical assessment
- paying optional member or employer contributions to a nominated complying superannuation scheme.

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

4.2 Reporting employee changes

Changes to employee details must be reported to Mercer by uploading an update member details (UMD) form to the employer website. The UMD form is located under the Data Entry tab, and can be used to report the following employee changes:

- secondment
- leave without pay
- change to part-time employment
- part-time leave without pay
- change to full-time employment
- prescribed leave
- transfer
- change in address or phone number
- change in date of birth
- change in name
- change in serial number
- salary reduction.

4.3 Assisting your employees

Your employees may have questions regarding their entitlements, obligations and any implications of changes in their working situation or lifestyle. The forms listed in this section will help you to assist your employees in preparing a claim for their superannuation benefit.

4.4 Employee forms

SSS/STC Forms	Use
SSS 511 Application for payment (or deferral) of benefits on retrenchment	To be completed by members claiming payment or deferring a retrenchment benefit.
SSS 512 Application for payment or deferral of SSS benefits	To be completed by members claiming payment or deferring a benefit.
SSS 513 Declaration of member's dependant	To be completed by a member's dependants for payment of a spouse/partner, student or child pension.
SSS 515 Application for payment of a previously deferred SSS benefit	To be completed by members claiming payment of a previously deferred benefit.
SSS 521 Election to commute SSS pension to lump sum	To be completed by members commuting their SSS pension to a lump sum.

SSS/STC Forms	Use
SSS 529 Choice of contribution rate on reduction in salary	To be completed by members who wish to reduce the number of units for which they contribute. The employer needs to complete the section on the back of the form before giving it to the member to complete.
SSS 536 LWOP (Part time or full time) – members election	To be completed by full-time employees intending to commence more than three months ordinary LWOP, or part-time employees commencing any form of LWOP.
SSS 537 Payment of contributions by cheque or electronic funds transfer (EFT)	To be completed by members who wish to make after-tax contributions to their SSS account while on LWOP or pay contribution arrears, surcharge debt, outstanding contributions or a No TFN debt.
STC 204 Tax file number collection	To be completed by members providing their tax file number to the scheme.
STC 207 Change of personal and banking details	To be completed by members when their personal details require updating.
STC 224 Application for payment of a benefit on grounds of severe financial hardship	To be completed by members applying for payment on the grounds of severe financial hardship.
STC 225 Application for payment of a benefit on compassionate grounds	To be completed by members applying for payment on compassionate grounds.
STC 226 Certificate of enrolment in full-time study	To be completed by full-time students (over age 18) applying for payment of pension benefits.
STC 227 Certificate of incapacity	To be completed by two medical practitioners if a member exits on the grounds of incapacity.
STC 228 Confidential medical report on incapacity	To be completed by a member and their medical practitioner as part of the member's application for payment on the grounds of incapacity.
STC 235 Public Service Senior Executives and Police Service Executives - Your Choice about your Existing Accrued Contributory Benefit and Basic Benefit	To be completed by Public Service Senior Executives or Police Service Executives advising what they want to do with accrued benefits from SSS.
STC 238 Continuity of scheme membership	To be completed by members leaving their present employment and commencing a new job with another SSS employer within three months.
STC 240 Election to crystallise your benefits	To be completed by members applying to crystallise their benefit if they are aged 55 or more and their salary has decreased by 20%.

5 UNIT ENTITLEMENT AND SUPERANNUATION SALARY

5.1 Unit entitlement

The member's salary for superannuation purposes determines the number of units to which a member is entitled. The number of units to which a member is entitled determines the size of the benefit they will receive upon retiring from the scheme. Contributions are determined on a 'rate for age' basis until the member is within five years of their normal retirement age (also known as maturity). The cost of each unit of pension is calculated to ensure that the member will have paid the full cost of the unit by the time they reach maturity. Any new units that are taken up within five years of the normal retirement age are payable at a special, lower 'instalment rate'. This arrangement is designed to help members meet the cost of contributions when they are older. Any balance of contributions owing on these instalment rate units is payable when the member retires; however, this does not apply to early voluntary or invalidity retirement.

Unit entitlement depends on the member's salary and on movements in the Consumer Price Index. A member is entitled to one unit for each $260 of superable salary. Each member is entitled to an additional number of units (approximately 38 more units as of October 2023). The number of these additional units fluctuates as it is adjusted each quarter for inflation.

Generally, a member cannot contribute for more units than the number to which they are entitled.

5.2 Reserve units

Members contributing for their full unit entitlement may elect to contribute for 'reserve units'. Reserve units allow members to contribute in advance for units, in anticipation of substituting them for units they will later become entitled to. A maximum of eight reserve units can be taken during the whole period of scheme membership. After a member has contributed to reserve units for at least 10 years (or at least one year if they are aged 50 or over), the member may substitute a reserve unit for each new or previously abandoned unit that becomes available.

Reserve unit contributions are deducted from members' salaries every four weeks, and remitted by the employer in the same manner as the normal units. Reserve unit contributions are maintained in a separate part of the member's SSS account.

5.3 Superannuation salary

An employee's superannuation salary, or superable salary, is the salary that employee contributions are calculated on and is often different to their award or contract salary.

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.

Superannuation salary and shift work loadings are defined in the *Superannuation Act 1916*. See www.legislation.nsw.gov.au or for more information refer to SSS Fact Sheet 1: *Salary for superannuation purposes.*

Superannuation salaries are reviewed every year based on the member's applicable annual review day, refer to Section 6.

5.4 Salary reduction (including retention of higher salary)

If an employee's salary is reduced to the extent that it also reduces their unit entitlement, contributions for units above the new entitlement will continue to be payable and must be paid unless the employee requests otherwise within two months of the date on which the reduced salary was first paid.

Employees can make a request to reduce unit entitlement by completing SSS Form 529 *Choice of contribution rate on reduction in salary.*

Although contributions remain payable at the higher rate (subject to an employee's election), units above the new entitlement will not attract a benefit in the event of retirement, retrenchment, invalidity or death, unless the reduction in salary resulted from ill-health or another reason considered by STC to warrant retention of the benefit entitlement in respect of the excess units.

Employees can apply to remain covered for the higher entitlement. If approval is given, they must continue to contribute for the higher number of units. Where an employee's application has the employer's support, the employer must attach a statement confirming the reason for the salary reduction and stating their support of the application.

Other reasons may include if an employee is redeployed to a lower paid position in lieu of retrenchment or redeployed as a result of re-organisation or re-structure which is not related to incompetence or disciplinary action.

5.5 Salary reduction for members aged 55 and over (crystallisation)

Members 55 years and over who have a salary reduction of at least 20% can defer their SSS entitlements based on their higher salary. The member must apply to defer/crystallise their benefit within two months of the salary reduction and attach a certificate from the employer verifying their age and the salary amount before and after the reduction.

The benefit is deferred, with the SSS benefit amount being based on the member's final salary immediately before the salary reduction. The basic benefit is calculated using the final average salary – which is the average of the salary immediately before the salary reduction and the two previous annual review day salaries.

Contributions cease to be payable to SSS from the date of effect of the member's election. However, the member can immediately join another complying superannuation fund of their choice, including SASS (provided they elect to do so when they defer their original benefit), and accrue benefits in that scheme. If the member joins SASS, their new membership benefits will accrue in the scheme based on their lower salary, including the basic benefit.

Please refer to STC Fact Sheet 14: *Crystallising your benefit after age 55;* and STC Form 240: *Election to crystallise your benefits.*

Members who require further information about this option can contact Customer Service on 1300 130 096. Employers requesting further information can contact the Employer Helpline on 1300 142 708.

5.6 Public Service Senior Executives and Police Service Executives

The salary to be provided, in respect of Public Service Senior Executives and Police Service Executives, is the salary the member has nominated 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.*

When a Public Service Senior Executive and Police Service Executive officer's contract is terminated and they return to a graded or lower paid position in the public sector, their salary for superannuation purposes is the salary they actually receive in the graded or lower paid position.

For a SSS member who is a Health Service Senior Executive or a Transport Service Senior Executive they are also required to pay the employer on-cost but cannot nominate their superable salary as their salary is determined in the same manner as a standard SSS member - see section 5.3.

6 ANNUAL ADJUSTMENT DAY AND ANNUAL REVIEW DAY

Each year, following the receipt of salary data that an employer provides, a SSS member is issued with an annual review day notice. The notice provides the member with an opportunity to commence contributing for any additional units to which they may have become entitled, together with any units which they may have previously abandoned.

A member is not required to contribute for units that would increase their total contributions to more than 6% of salary. If the member is contributing at or over 6% of salary, any new units that they become entitled to are referred to as 'optional' and the member is able to elect to abandon them or to pick them up and commence contributions towards those units from their next annual adjustment day. If the member has previously abandoned units, they can elect to take them up from their next annual adjustment day also. An election to abandon additional optional units must be made within two months of the member's annual review day.

Unit entitlement is determined according to the salary being paid on the annual review day, with any consequential adjustment of contributions occurring from the first pay day on or after the annual adjustment day. The actual dates of review and adjustment are related to a member's month of birth, as shown below.

Month of birth	Annual review day	Annual adjustment day
January–June	28 July	21 October
July–December	9 February	5 May

6.1 Employer responsibility

To commence the annual review day process, Mercer provides each employer with a detailed list of SSS contributors who are due for review in a file which can be downloaded from the employer website.

The employer is required to:

- add any existing eligible contributors who have recently transferred to the organisation and whose names are not included on the list
- indicate any recent exits, showing the reason for the exit and date of exit
- indicate any changes of name
- add the annual salary for superannuation purposes actually being paid at the annual review day for each contributor listed
- calculate the total of the salaries on the list.

The review salary is the salary paid on the annual review day. Any salary increases that occur after this day are taken up at exit or the next review day. Mercer requires employers to provide updated salary details immediately after the annual review day – that is, immediately after 9 February or 28 July each year.

For contributors in part-time positions, the attributed annual full-time salary for the position or classification should be shown, as well as the annual part-time salary (including employees working part time who have elected to be treated as full-time employees).

If a member is on full-time LWOP (not prescribed LWOP), the salary to be advised to Mercer is the salary that was paid to the member immediately prior to the commencement of LWOP.

The salary to be provided in respect of Public Service Senior Executives and Police Service Executives is the salary the member nominated for superannuation purposes.

After Mercer receives the salary information, an annual review day notice is issued to eligible members. The notice tells the member of their current unit entitlement and holding, and of their new unit entitlement based on the salary information received from the employer.

Returned election forms are processed by Mercer and rate adjustment schedules showing the new contribution rates for members can be downloaded from the employer section of the website. The employer is then required to adjust the member's personal contribution rate accordingly, effective from the first pay day on or after the annual adjustment day.

If an employee does not return their election form by the due date, it is assumed that they have elected to take up all their new units and their contribution rate will be adjusted accordingly from the first pay day on or after the adjustment day.

7 CONTRIBUTIONS

7.1 Employee contributions

The minimum employee contribution level is 6% of annual salary or the rate applicable to the full number of units appropriate to that salary, whichever is the lesser. The rate of contribution for each unit is determined by:

- the contributor's age at their next birthday after the annual adjustment day
- the contributor's sex
- for a woman, whether the member elected to retire at age 55 or 60
- whether the contributor became a scheme member before or after 1 July 1963.

SSS employee contributions should be deducted from members' salaries in accordance with the rate adjustment schedules provided to the employer by Mercer.

Employee contributions are payable to the scheme via the employer on a superannuation period basis (every four weeks). However, there are a few employers who remit their employee contributions on a monthly basis.

Employee contributions must be paid to Mercer within seven days of the end of each superannuation period.

Note: Scheme legislation allows for STC to charge interest on late paid contributions.

The following table shows details of the 13 superannuation periods:

Period	Start	End
1	1 July	28 July
2	29 July	25 August
3	26 August	22 September
4	23 September	20 October
5	21 October	17 November
6	18 November	15 December
7	16 December	12 January
8	13 January	9 February
9	10 February	9 March
10	10 March	6 April
11	7 April	4 May
12	5 May	1 June
13	2 June	30 June

If an employer wishes to change their remittance frequency to a one other than a four-weekly period, they should contact their Employer Relationship Officer.

7.2 Contributions not payable

Contributions to SSS are only payable up to the end of the superannuation period prior to the period in which a member exits employment (unless the member exits on the last day of the contribution period, in which case the contribution should be paid for that period).

7.3 Changes to standard rate

Any change to a contributor's standard contribution rate will normally be made effective from the annual adjustment day in response to the rate adjustment schedule we send you prior to that day. However, there are a number of reasons why a member's contributions may vary throughout the year, such as reduction in salary and arrears recovery. You will be notified by email of any variations made to an employee's deductions.

7.4 Salary sacrifice

There are several ways an employee can make their compulsory personal contributions to SSS, as detailed below. Before making this decision, it is recommended the employee seeks professional financial advice.

Provided the employer agrees, an employee's compulsory personal contributions to SSS can be made:

- entirely from their before-tax salary (salary sacrifice – concessional contributions)
- entirely from their after-tax salary (non-concessional contributions)
- from a combination of before-tax and after-tax salary.

Concessional contributions include salary sacrifice and employer contributions.

SSS can only accept compulsory personal contributions for those units an employee is eligible to contribute towards. Employees can make additional contributions to another superannuation scheme of their choice – refer to Section 7.6.

Salary-sacrifice contributions are treated as employer contributions and attract the Commonwealth Government's 15% contributions tax on entry to the scheme. This means the amount the employee contributes needs to be increased (or grossed up) by an amount representing the contributions tax, so that they make the same net contribution to SSS that they would have made via after-tax contributions.

To calculate how much extra the employee would need to contribute on a salary sacrifice basis, simply divide the current after-tax contribution amount by 0.85. For example, if the employee currently contributes $4,200 to SSS in after-tax contributions, the amount would need to increase to $4,941 via salary-sacrifice contributions (that is, $4,200 ÷ 0.85 = $4,941). The grossing-up of contributions is arranged by the employee with the employer as part of overall salary packaging arrangements.

To help you determine the total contributions you need to remit for an employee from before-tax salary there is a calculator available at **https://supercalcs.com.au/salarysacrifice/sss.**

Note:

- Salary-sacrifice contributions do not affect the salary used to calculate the employee's SSS unit entitlements.
- Salary-sacrifice contributions do not count for the Commonwealth Government co-contribution.

We recommend employees seek professional financial advice to help them decide whether to make salary-sacrifice contributions, as the advantages can vary depending on an individual's personal circumstances.

Aware Super[1] financial planners have the knowledge and expertise to advise SSS members and have been providing advice to State Super members for over 30 years. 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 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 620 305 or visit retire.aware.com.au/statesuper. Further information can be found in SSS Fact Sheet 24: *Salary sacrifice your compulsory personal contributions to SSS.*

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.

Employees should also refer to SSS Fact Sheet 23: *Contribution caps and your total superannuation balance* for information about the Commonwealth Government's concessional contributions cap.

7.5 Employer contributions

Employer contributions fund the employer-financed component of the SSS benefit and the Basic Benefit. Employers are also required to make additional employer contributions (AEC) for any members that are eligible to receive AEC contributions. Mercer, on behalf of STC, invoices employers who are not funded by NSW Treasury, for employer contributions relating to:

- the employer-financed component of SSS;
- the Basic Benefit component of SANCS
- the AEC component of SANCS

The amount billed for the employer-financed component of SSS, the Basic Benefit and AEC contributions is included on the monthly invoice employers receive for employee SSS contributions.

Note: On-budget Treasury-funded employers also receive an invoice containing each of the components shown above, however these employers are only required to pay the invoiced SANCS AEC amount, as the employer contributions to fund the employer-financed component of SSS and the Basic Benefit are remitted by Treasury directly to Mercer.

The invoice will advise 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 SSS 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 NSW Universities and Local Government agencies.
- 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 a member of the Police Executive Service, Transport Executive Service or the Health Executive Service.

The AEC amount that an employer must pay is the equivalent of 2.0% (from 1 July 2023) 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, and 2.0% from 1 July 2023.

The AEC rate will increase in line with future increases in the SG rate. The SG rate is currently legislated to increase as per the following schedule.

Expected future SG rate increases

From 1 July 2024 .....+0.5%

From 1 July 2025 .....+0.5%

See Section 12 for more information about how the invoicing process works.

Note: In certain circumstances, a SSS 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 SSS will attract Superannuation Guarantee contributions, which will be made to the other complying superannuation scheme for that purpose.

7.6 Optional employee contributions to another complying superannuation fund

In addition to their contributions to SSS, employees may also make superannuation contributions to another complying superannuation fund of their choice.

Eligible employees may elect to pay:

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

Optional contributions to another fund do not affect the amount of an employee's SSS contribution or superannuation salary. However, employees should be aware of the contribution caps that apply to contributions made to all superannuation funds in a financial year, and the additional tax which may be applicable for exceeding the cap. Further information can be found in SSS Fact Sheet 23: *Contribution caps and your total superannuation balance.*

7.7 Leave without pay (LWOP)

LWOP is a period of leave during which the employee is not entitled to be paid a salary by the employer. For superannuation purposes, LWOP is categorised as either prescribed leave or ordinary leave. See the section below for details on contributions payable during a period of LWOP.

- Salary during period of LWOP

  During a period of unpaid leave, the salary that SSS uses to calculate a member's unit entitlement depends on whether they are taking prescribed or ordinary LWOP. In certain circumstances, employers must report details of a member's salary to Mercer at the start of the LWOP and also on an annual review day. The salary to be reported at these timeframes is outlined below for each scenario.

- Salary used for members on prescribed LWOP

  The salary used to determine a member's unit entitlement during a period of prescribed LWOP is the salary they would have been paid by the employer had they not been on leave. This means a member's superable salary may rise in line with salary increases they would have received had they not been on leave. Typical examples include LWOP granted due to ill health, or during a period of service with the military, navy or air force.

  A member may also be on prescribed LWOP if they have been seconded to another employer that participates in SSS. In this case, the salary used to calculate the unit entitlement will be the salary that is being paid to the member by the employer to which they have been seconded.

  Where a member has been granted full-time prescribed LWOP – the salary provided at each Annual Review by the employer is the salary that will be recorded during the period of leave.

- Salary used for members on ordinary LWOP

  If an employee is taking ordinary leave, the salary used to determine their unit entitlement is the salary the employer last paid to the employee before they went on leave – that is, the salary they were being paid on their last day of active service. This is a legislative requirement under the *Superannuation Act 1916* and has important implications for members intending to take a long period of LWOP. It means that if an employee does not return to work and exits the scheme

while on LWOP, their benefit entitlements will be based on the salary they were last paid before they took leave. If an employee returns to work before exiting the scheme, their entitlements will be based on the salary they are being paid when they exit the scheme rather than the salary before they took LWOP.

Where a member has been granted full-time ordinary LWOP for a period of more than 3 months – the employer must complete SSS Form 536 *'LWOP (Part-time or full-time) – member's election'*. The salary that should be recorded on this form is the salary the employer last paid to the employee before they went on leave.

The full-time salary which is recorded by Mercer for the start date of the LWOP is the salary at the Annual Review Day prior to the start date of the LWOP. The salary the employer provides on Form 536 (i.e. the salary last paid before the member went on leave) will be recorded for every subsequent Annual Review Day (ARD) for the period of LWOP.

- Basic benefit during period of LWOP

  The rules for calculating the basic benefit if a member exits while on LWOP are different than those for calculating the SSS pension benefit. Depending on the circumstances of the exit from the scheme, the member's basic benefit entitlement is calculated using their final average salary or the final salary they would have been paid if they had continued to work. The member's salary payable if they had been at work is collected as part of the standard annual review day process.

  For further information on the basic benefit, please also see section 8.1 in this guide.

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 by an update member details form submitted via the employer website. Refer to Section 4.2 for more information.

Employee and employer contributions remain payable to Mercer during all periods of LWOP, regardless of the type of leave.

During periods of prescribed LWOP the employer generally pays the employer contribution liability to the scheme. The exception is where member benefits are reduced proportionately for any period of maternity or sick LWOP that exceeds 2 years to comply with scheme legislation.

In regards to ordinary LWOP, an employer may grant leave without pay subject to the employee reimbursing the employer for the cost of its contribution liability to SSS for the period of leave. This is an arrangement made between the employee and employer. The employer may not require the employee to meet its liability to SSS during certain periods of leave without pay in excess of three months where the employee accepts a permanent reduction in unit (benefit) entitlement. The amount of the reduction is based on the decreased service as a result of the period of leave.

Alternatively, an employee who elects to retain full unit entitlement may be required by the employer to meet its liability to SSS during the period of leave. It is important that the employee checks these conditions with their employer before beginning leave without pay. Where a period of leave without pay exceeds three months, an election should be completed by both you and your employee and then forwarded to the scheme administrator before the leave begins. The election form is called a 'SSS Form 536 L*WOP (part-time or full-time) – member's election*' which is available from the STC website or from Customer Service. If an election is not received prior to the leave commencing, a permanent reduction is applied to the member's account.

Employees should be made aware of the conditions applying to contributions payment. They should be instructed to contact SSS Customer Service (call 1300 130 096) prior to taking LWOP to make arrangements for contribution payment.

Employee contributions continue to be due for the whole period of LWOP and can only be deferred in special circumstances. Special circumstances will extend to members on LWOP who have provided satisfactory evidence that financial hardship would occur if personal contributions were required to be paid during the period of leave. SSS Form 536 *LWOP – member's election* provides further details on deferment of contributions. Where contributions are deferred, interest is charged on arrears until they have been paid.

7.8 Part-time LWOP

A member who takes any form of LWOP on a part-time basis may elect to be treated as a part-time employee for a period of the leave (see Section 7.9). This option is available irrespective of whether the part-time LWOP is ordinary LWOP or prescribed LWOP (for example, maternity leave or extended leave taken at half pay). Some members may choose this option in order to reduce the amount of their personal contributions to the scheme; however, their end benefit will also be lower as a result of a permanent reduction.

A member on part-time LWOP who does not elect to be treated as a part-time employee for the period of leave will be treated as a member on full-time ordinary or prescribed LWOP (see the table below).

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

	Prescribed LWOP	**Ordinary LWOP**
Types of LWOP	Sick leave, maternity leave, secondment, workers compensation, military leave, study leave, circumstances approved by the STC.	Holidays or annual leave.
Is employer advice required?	No, unless sick leave or maternity LWOP exceeds two years.	Yes, for LWOP in excess of five days. Notify change by submitting an update member details form via the employer website for part-time LWOP, or complete the employer area of SSS Form 536 *LWOP (part-time or full-time) – member's election.*
Are contributions payable?	Yes, both employee and employer contributions are payable. However, if LWOP is granted on the basis of maternity leave or ill health (sick leave) and the leave exceeds two years, a permanent reduction in a member's unit entitlement will apply to the leave exceeding two years. The employers' contribution liability is paid by the employer. The employee must pay the member contributions directly to the fund.	Yes, both employee and employer contributions are payable by the employee for the whole period (unless the employee accepts a permanent reduction in their unit entitlement). The employer's contribution liability must be paid by the employee to the employer (if applicable) - not directly to the scheme. The scheme can only accept the member contributions directly from the employee.

	Prescribed LWOP	Ordinary LWOP
Can a member elect to permanently reduce unit entitlement?	No.	Yes. The employer may require the employee to pay the employer's contributions liability for the whole period of the leave (generally when the leave exceeds three months). If the employee is unable to pay the employer's liability, the employee may take a permanent reduction in unit entitlement. Employees are to complete SSS Form 536 *LWOP (part-time or full-time) – member's election* and send it to Mercer.
Can employee contributions be deferred?	Yes, however only where special circumstances exist and subject to approval (see Section 7.7 for more information). Interest is payable at the fund earning rate until the contributions are paid.	Yes, however only where special circumstances exist and subject to approval. Interest is payable at the fund earning rate until the contributions are paid.
Does the basic benefit accrue?	The basic benefit accrues for the first two years only for maternity and sick LWOP.	The basic benefit does not accrue for any period in excess of five days.

7.9 Part-time employment

The following rules apply to SSS members who usually work part time, and to those who take LWOP on a part-time basis and elect to be treated as part-time employees for superannuation purposes:

- The member's unit entitlement and contributions are adjusted on a pro rata basis. Contributions paid prior to the change to part-time employment are used to buy fully paid units in the scheme; the member does not have to make any further contributions for these units.
- The adjusted unit entitlement is determined with regard to the equivalent full-time salary for the position after a deduction factor is applied. Member contributions are payable in respect of the difference between fully paid units and the adjusted unit entitlement.

The employer must advise Mercer of any change in the member's basis of employment. This can be done by submitting an update member details form via the website or by completing STC Form 222 *Change in hours worked.* Complete this form if the employee's basis of employment has changed from full time to part time, part time to full time, or part time to part time – that is, when the salary ratio changes.

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

The following information must be included on the advice:

- 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 must be included in this figure

- new part-time salary: the actual part-time salary payable to the employee.

Note: If a member changes from full-time to part-time employment, the employee contribution changes from the beginning of the period in which the change occurs. If the member changes from part-time to full-time employment, the contribution remains at the part-time rate until the next annual adjustment day.

7.10 Secondment

When an employee is seconded to another employer, employee contributions remain payable. The new employer is required to pay moneys back to the original employer, as the original employer continues to pay the employee liability.

If an employee is on leave without pay and on secondment to another scheme employer, the salary used to determine the employee's unit entitlement in SSS is the salary being paid to the employee by the organisation to which they have been seconded.

If an employee is on prescribed leave without pay (LWOP) and seconded to a non-scheme employer, the salary used to determine the employee's unit entitlement is the salary that would have been payable if they had not been absent from their employment.

The Act also provides for the unit entitlement to be related to the salary paid by the organisation to which the employee is seconded where that organisation is not an employer participating in the scheme, provided the Governor makes a declaration in writing to this effect.

If an employee is on ordinary leave without pay (LWOP) and seconded to a non-scheme employer, the salary used to determine the employee's unit entitlement is the salary they were on prior to the commencement of the leave.

To enable SSS to update electronic records without any problems, seconded employees will be treated as transfers.

7.11 Casual employment

There are no specific provisions for casual employees in SSS. Any change in employee hours or circumstances is to be notified using the salary-ratio method.

7.12 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 and used to determine the employee's unit entitlement in SSS. 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 employee's 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 ARD salary process and will be treated as part of the employee's salary while its payment to the employee continues.

A reference to a continuous period of 1 year is, in relation to a member who is employed in an educational institution (such as a university), to be read as a reference to the academic year of the institution i.e. a continuous period commencing on the first day of any academic term of the institution and ending on the day before the first day of the corresponding academic term in the following calendar year.

7.13 Temporary appointments

Temporary appointments are generally treated in a similar way to a higher duty arrangement in that, unless an employer provides the relevant certification about a salary for a temporary appointment being likely to be paid for a continuous period of 1 year, then the extra salary attributed to that temporary appointment does not become part of the member's superannuation salary until it has been paid for a continuous period of 1 year.

However, where a certification is provided, it must also include the intentions of the employer regarding the circumstances of the temporary appointment and the outcome if the temporary appointment ceased without the employee ceasing employment i.e. if the intention is that the employee would revert to their substantive salary when the temporary appointment ends and the period of the actual temporary appointment is less than 1 year, then the extra amount of salary payable for the temporary appointment is likely not to be classed as being part of salary for superannuation purposes.

If however the intention is that when the temporary appointment ends the employee would remain at the higher salary, then the extra amount of salary payable for the temporary appointment is likely to be classed as being part of salary for superannuation purposes once it has been paid for at least a continuous period of 1 year (or once the employer provides certification that the extra salary was likely to be paid for at least 1 year).

7.14 Shift work

Where a SSS member receives a shift allowance, the employer is generally required to add a loading to the contributor's base salary for the purpose of determining the superable salary figure to be reported to Mercer.

A loading may be added to a member's superable salary to take account of shift allowances received in a year, provided a minimum number of shifts (105) are deemed to have been worked. The loading is calculated by the employer according to a formula that takes into account the number of hours worked in the shifts.

The shift loading is calculated according to the following table:

Shifts worked in the 12-month period to 31 December for which an allowance was paid	Percentage loading to base salary
less than 105 shifts	Nil
105 to 156 shifts	10%
157 to 208 shifts	15%
209 or more shifts	20%

The number of relevant shifts the contributor is taken to have worked during the 12 month period is calculated as follows (note: this formula takes into account the number of hours worked in shifts):

$$N = \frac{H}{H_O} \times S$$

Where:

N is the number of relevant shifts the contributor is taken to have worked during the relevant* period.

H is the number of hours per shift regularly required to be worked in such shifts during the relevant* period.

H_O is the smallest number of hours per shift regularly required to be worked (whether by the contributor or any comparable worker) in such shifts during any calendar year after 1987, including the relevant* period.

S is the sum of:

a) the number of such shifts the contributor actually worked during the relevant* period, and

b) the number of relevant shifts the contributor would have actually worked during the relevant* period but for the contributor being on leave, being leave for which a shift allowance or an equivalent allowance or loading (including that part of annualised salary that replaces shift allowance in respect of the contributor) is paid.

* 'Relevant period' is the 12-month period ending on 31 December immediately preceding the date on which the salary of the member is to be calculated for the purpose of determining the superable salary figure to be reported to Mercer.

If the value of a shift allowance paid to a contributor for a given number of shifts is less than the percentage of base salary shown in the above table, the amount actually paid is used to determine the loading. However, where an agreement or accepted practice between the employer and the

union representing its employees provides for the payment of shift loadings in excess of those calculated as above, then the loading used to determine superable salary is based on the higher amount, providing that the agreement or practice was in force immediately before 18 December 1987.

7.15 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.

After termination of a purchased leave agreement, the calculation of the 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 (SSS and SANCS components). In most cases a member's benefit is based on the number of units to which they are entitled, and the higher their superable salary when they exit the scheme, the more units they receive. If a member is on a reduced salary when they exit the scheme, due to having a purchased leave agreement in place, that is the salary the member's unit entitlement will be based on. This reduced until entitlement will subsequently reduce the member's final pension benefit.

If an employee's period of purchased leave also covers an annual review day their benefit would be further affected as the employee's basic benefit is generally calculated on their final average salary.

We recommend that anyone considering purchased leave seeks financial advice.

Refer to SSS Fact Sheet 5: *Purchased leave* for more information.

7.16 Members aged 65 to 70

Superannuation contributions to SSS can be accepted for employees up to age 70, however:

- employee and employer contributions must continue to be paid to SSS 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.
- an employee aged between 65 and 70 may, however, choose to exit SSS and receive payment of or defer their accrued benefits even if they continue to work. In this case, it will be necessary for the employer to pay Superannuation Guarantee contributions to another complying superannuation scheme
- contributions and benefit accrual must cease at age 70. If the employee continues to work after reaching their 70th birthday, it will be necessary for the employer to pay Superannuation Guarantee contributions to another complying superannuation scheme nominated by the employee.

8 BENEFITS

SSS is a defined benefit scheme which provides a pension with a lump-sum option on retirement. The normal retirement age is 60, except for female members who elected on joining to retire at age 55. An early voluntary retirement benefit is available for members from age 55 with a normal retirement age of 60. Other benefits are also payable on resignation, discharge, retrenchment, invalidity or death.

The table below summarises the types of benefits payable.

Type of exit	Benefit payable
Resignation, discharge or dismissal prior to age 55	A withdrawal benefit consists of the member's contributions and interest, and an additional component based on the number of years of contributory service (subject to a minimum of 10 years service). Alternatively, members may choose to defer their benefit entitlement in the scheme to be payable at a later date from age 55. Spouse/partner and children's benefits are forfeited if a member elects to take immediate payment of their withdrawal benefit.
Early voluntary retirement between ages 55 and 60	A pension is payable at a reduced rate (compared to the normal retirement benefit) if the member has contributed to the scheme continuously for 10 years. Female members contributing for retirement at age 55 cannot voluntarily retire with a pension prior to that age. A lump-sum option is available within a prescribed time period.
Normal retirement at age 60	A full pension is payable at or after age 60 (age 55 for female members contributing to retire at that age). A lump-sum option is available within a prescribed time period.
Scheme exit between 65 and 70	A member aged between 65 and 70 may choose to exit SSS while still working, and receive payment of or defer their retirement benefits (see Section 7.16 for information about the employer's ongoing contribution liability for such employees).

Type of exit	Benefit payable
Retrenchment	If the member is not eligible for an age retirement benefit (that is, if they are under 55), a retrenchment lump sum or pension is available. Alternatively, the benefit may be deferred. If the member is eligible for early or normal retirement (generally from the age of 55), the early retirement benefit or normal retirement benefit is payable. A special 'deferred to age 55' retirement benefit is available only to members who are retrenched between 50 and 55. This option allows members to defer the early voluntary retirement benefit that they would be entitled to receive at age 55 (or the normal retirement benefit in the case of a woman who had contributed for retirement at age 55). To exercise this option, the following conditions must be met: • the member must have the employer's agreement • the additional cost of the employer component of the benefit is charged to the employer reserve • the member must pay the personal contributions that would have been payable on their units up to age 55 as a lump sum within six months of being advised of the amount payable* • the member must take their special deferred pension benefit upon reaching age 55. STC recommend that members consult with the Mercer contact centre to find out further details of this special deferred option upon retrenchment. * Note: If the contributions payable are not received within the specified timeframe, the benefit is revised to the standard deferred benefit and the special deferred age 55 retirement benefit will no longer be available to the member.
Invalidity (medical) Retirement	A full pension is payable at exit with a lump-sum option becoming available from age 55. If the option to commute is not exercised at age 55, then a second option to commute arises at age 60.
Death benefit	Please see the table below.

Type of exit	Conditions	Benefit
Death of a contributor	With surviving eligible spouse/de facto partner	Two-thirds of the contributor's pension entitlement at the time of their death is payable to the eligible spouse/de facto partner, with a lump-sum option at age 55 or on pension commencement, whichever is later. If the option is not taken at age 55, then a second option to commute arises at age 60.
Death of a contributor	With surviving eligible children (with spouse/de facto partner)	Entitlements as above are payable to any eligible spouse/de facto partner, plus a pension for each child under the age of 18, or between the ages of 18 and 25 where the child is enrolled in full-time study with a Trustee-approved education institution.
Death of a contributor	With surviving eligible children (no spouse/de facto partner)	A withdrawal benefit is payable to the estate, or a refund of contributions is payable to the estate and a child pension is payable to each eligible child as outlined above.
Death of a contributor	With no surviving eligible spouse/de facto partner or children	A withdrawal benefit is payable to the personal representatives of the estate.

8.1 Basic benefit

The basic benefit is additional to the SSS benefit. It accrues at the rate of up to 3% of final average salary or final salary, depending on the mode of exit, for each year of service from 1 April 1988 (with any part year calculated on a daily basis). Periods of ordinary LWOP of more than five consecutive days do not count as service for basic benefit purposes. In the case of death, invalidity or retrenchment before age 55, the benefit amount is based on final salary.

The basic benefit is fully paid by employers.

The following table summarises the salary used to calculate the basic benefit depending on the type of exit.

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

* Final average salary is the average of the salary paid to the employee on their last day of work and the two previous annual review day salaries.

Refer to STC Fact Sheet 10: *Basic benefit* for more information.

8.2 Part-time employment

If an employee changes the hours that they work (for example, from full time to part time), then a salary ratio factor is applied to the basic benefit service accrual rate.

For example, a member, previously working full time, changes their working hours to half the normal hours of that position (and correspondingly earning half the full-time salary) for one year. In this case, a salary ratio of 0.5 is applied to reduce the basic benefit service entitlement to six months (1 year of service x 0.5 salary ratio). The full-time equivalent salary is used to calculate the final average salary so as not to disadvantage the member for service days accrued at the full-time rate.

8.3 SANCS Additional Employer Contribution (AEC) Benefit

The SANCS AEC benefit is paid in addition to the SSS benefit and the Basic Benefit. Unlike these other benefits, which are defined benefits, the SANCS AEC benefit is an accumulation-style benefit. Each eligible SSS 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.

Not all SSS 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 NSW Universities and Local Government agencies.
- 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 who are in the Police Executive Service, Transport Executive Service or the Health 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.

8.4 Commonwealth Government co-contributions and the low-income earners superannuation tax offset

The Commonwealth Government makes co-contributions to match, up to certain limits, personal contributions made into superannuation funds by eligible persons.

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 both be accepted into SSS, and they, together with the basic benefit, form the SANCS benefit.

For more information on the co-contribution and the LISTO see STC Fact Sheet 13: *Information about the Commonwealth Government's superannuation co-contribution and the low-income superannuation tax offset.*

8.5 Deferred benefit

As an alternative to receiving the withdrawal benefit immediately payable on resignation, dismissal or discharge, an employee may choose to defer their entitlement in SSS to be paid later at normal retirement age, total and permanent invalidity, or on death.

The deferred benefit is also payable from age 55, but at a reduced rate for members who have a normal retirement age of 60.

A member may also elect to defer their entitlement if they are retrenched and are not immediately entitled to a normal or early voluntary retirement benefit. As an alternative to the standard deferred benefit, a retrenched member between the ages of 50 and 55 may instead elect (with employer approval) to defer the benefit to which they would be entitled at age 55, for payment when they reach that age. Details of this special option are contained in SSS Fact Sheet 16: *Retrenchment benefit.*

Further information on how the deferred benefit is calculated can be found in SSS Fact Sheet 17: *Optional deferred benefit.*

8.6 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
- on death to a surviving eligible spouse or de facto partner (which may include a same sex partner)
- from age 55 (at a reduced rate for members who have a normal retirement age of 60)
- at the normal retirement age.

If a deferred benefit member does not meet one of the conditions above they have the option at any time to take a cash benefit (an immediate lump sum) plus interest. However, they will forfeit their right to a deferred pension and no spouse pension will be payable on death.

8.7 Compulsory benefit preservation

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

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

Conditions of release for the compulsory preserved benefit are:

- the member ceases an employment arrangement from age 60
- the member 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 member reaches age 65, even if they continue to work

- the member becomes permanently incapacitated or dies
- the member meets the criteria for the benefit to be released on financial hardship or compassionate grounds (see further information below).

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 standards do not involve a reduction in the member's benefits. Similarly, the standards do not affect the age at which a member is entitled to a retirement benefit (from 55 in SSS), although the member may not be able to receive the full amount of their benefits at that time.

The preservation age of a fund member is defined in the table below.

Member's 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 less than 60 years of age, retirement means that they need to have ceased work permanently.

Further information can be found in STC Fact Sheet 4: *When can I be paid my superannuation benefits?*

8.8 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 be able to access part of their benefit on financial hardship grounds.

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

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.*

9 CEASING TO BE A MEMBER OF SSS

In all cases where an employee exits the fund, the employee should complete either SSS Form 512 *Application for payment or deferral of SSS benefits* or STC Form 238 *Continuity of scheme membership.*

Until Mercer receives advice of an employee's exit, the employer will continue to be billed monthly for both employee and employer contributions.

9.1 Employment transfer

'Transfer' applies to employees who transfer from one billing location to another within the same employer, or between government departments or other employers that have common funding arrangements, such as consolidated revenue departments. A good indication that a transfer has occurred is that the member has maintained their full leave entitlements on commencement with the new employer.

For superannuation purposes, these employees are generally treated as if there has been no break in employment and automatic continuity of SSS membership usually applies.

The previous employer must pay for its SSS funding liability up to the end of the month prior to transfer. The new employer must pay for the full calendar month in which the transfer takes place.

The original employer is to show the employee as a 'transfer out' and the new employer is to show the employee as a 'transfer in' for the relevant period. This can be done by submitting an update member details form via the website. Refer to Section 4.2 for more information.

9.2 Continuity of membership (including mobility provisions with local government and energy industry schemes)

A member cannot qualify for a transfer if they cease employment with a SSS employer and start work with an unassociated SSS employer or if they have a break in employment between the two employers. However, they may apply for continuity of their membership.

Continuity will be approved provided the member commenced their new employment within three months of the day they left their previous employment.

To claim continuity of membership:

- all benefits paid to the member (plus interest) must be refunded to the scheme
- all contributions which accrued during the break in service (employer and employee) must be paid by the member
- the election to continue membership must be made within three months of the date on which the member was reemployed.

Alternatively, the member may apply for payment or preservation of their benefit.

Note: The transfer cannot occur unless the member submits the application in writing within three months of the transfer.

9.3 Mobility provisions with local government and energy industry schemes

On 1 July 1997, local government and energy industry employees were transferred across from SSS (and SANCS) to new schemes established for local government and certain electricity industry employers.

Members who were transferred under these arrangements are able to resume membership in SSS if they cease employment with a local government or energy industry employer and commence new employment in the NSW public sector (provided they commence employment within three months of the date they ceased employment).

Members who transfer to a local government or energy industry employer do not have the option to stay in SSS. They must transfer their accrued benefits to the Local Government Superannuation Scheme (LGSS) or Energy Industries Superannuation Scheme (EISS).

9.4 Resignation or dismissal

A withdrawal benefit is payable when a member resigns, is discharged or is dismissed from employment prior to early retirement age. The member also has the option of deferring their benefit in the scheme.

9.5 Retirement

A normal retirement benefit is payable when a member exits after reaching the age of 60 (or 55 for a woman who elected on joining the scheme to contribute at rates for retirement at that age) after having completed 10 years of service with one or more employers.

An early voluntary retirement benefit is payable when a member whose normal retirement age is 60 exits after reaching age 55 and completing 10 years of continuous scheme membership.

9.6 Retrenchment

A retrenchment benefit is payable where a contributor's employment has been compulsorily terminated by the employer or the contributor accepts an offer of retrenchment on the grounds that:

a) the employer no longer requires their services and, on termination of that service, does not propose to fill their position; or

b) the work that they were engaged to perform is completed; or

c) the amount of work that the employer requires to be performed has diminished and it is necessary for the employer to reduce the number of employees.

9.7 Medical retirement

A SSS member can apply for an invalidity benefit if they retire from employment on the grounds of invalidity, or physical or mental incapacity to perform their duties. The Trustee determines whether these grounds exist on the basis of medical advice from a person or body nominated by the trustee.

The NSW Public Service Commission has selected a panel of providers to provide employment related medical assessment services and other employment related medical services to NSW Government agencies under the Employment Related Medical Services prequalification scheme. Please refer to Circular PSCC-2016-06-Medical services for NSW Government agencies. Five providers have been selected for prequalification under the Scheme which commences on 17 October 2016. The providers are:

- IMMEX Green Square Medical Treatment Pty Ltd
- InjuryNET Australia Pty Ltd
- MedHealth Pty Limited
- Resilia Pty Ltd
- Sonic HealthPlus Pty Ltd

Except where the employee initiates medical retirement and the agency accepts the treating doctor's advice as sufficient, Public Service agencies (listed in Schedule 1 to the *Government Sector Employment Act 2013*) must use one of these prequalified providers for fitness for duty assessments under clause 15 of the *Government Sector Employment Regulation 2014*. Each company on the panel is a 'nominated medical assessor' for fitness for duty assessments of Public Service employees under clause 15 of the GSE Regulation.

Other NSW Government agencies may also use the services provided under the Scheme.

In any event, before an employee can be medically retired, the agency must be satisfied that reasonable attempts to identify duties commensurate with the employee's medical restrictions have been unsuccessful, and there are no suitable alternative positions in which the employee can be placed – see circular M2010-18 *Procedures for managing non-work related injuries or health conditions.*

Mercer will assess and process medical retirement applications upon receiving the exit form and relevant medical reports, including those completed by an approved provider.

Those employers who are not required to use and do not use an approved provider should forward to Mercer the exit advice and medical reports, including reports from independent medical specialists (whose specialty corresponds with the member's medical condition) relevant to the decision to medically retire the employee. If insufficient medical information is provided, it will be necessary to refer the member to an approved provider or other independent medical specialists for additional information to assist Mercer in determining whether or not to approve the invalidity benefit claim.

9.8 Death

A spouse or de facto partner benefit may be payable on the death of a current member or pensioner. A same-sex partner may qualify for this benefit. A pension may also be payable to the child or children of the deceased.

9.9 Members aged 70

While an employee may choose to continue working after reaching age 70, their contributory membership of SSS must cease when they attain that age. The employee must be paid any pension that they would be entitled to if they retired at that age, but they also have the option to commute all or part of that pension to a lump sum and defer the 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.

Note: As SSS is designed to maximise benefits at the scheduled retirement age, if a member elects to remain in the scheme after this age they are encouraged to speak with Customer Service to obtain details regarding their benefits, and then contact their financial adviser.

It is important to note that a member cannot elect to be paid the withdrawal benefit unless they cease employment with their scheme employer prior to age 70.

9.10 List of employer forms

SSS/STC forms	Use
E SSS 503 Advice of SSS member ceasing employment or aged 65 and over wishing to be paid a benefit	To advise of members ceasing employment, or members between 65 and 70 who are still working but wish to be paid their benefit.
E STC 206 Remittance advice	To remit contributions to Mercer.
E STC 216 Transfers within the public sector	To advise when a member transfers to another public sector employer
E STC 221 Member with change in AEC status	To be completed by employers to advise Mercer when a member changes AEC status, i.e., a member becomes relevant or non-relevant for AEC contributions.
E STC 222 Change in hours worked (CIHW)	To advise when a member changes employment status so that the accrual of entitlements and contribution rates (if applicable) can be adjusted.
E STC 223 Members taking full-time ordinary LWOP (for more than 5 consecutive days)	To advise Mercer of any employees who have applied for and been granted more than five continuous days of full-time ordinary LWOP.

9.11 Completing the exit advice form

The exit advice form is used to advise Mercer about any employees contributing to SSS who have ceased employment with you. It is also used to provide details of members aged 65 to 70 who are still working but wish to be paid their benefit.

Do not use this form if the employee is transferring to another public sector employer. Please use STC Form 216 *Transfers within the public sector* for this purpose or complete the exit form on the employer website.

Date of exit

The date of exit is the date that the employee ceased employment or, in the case of death, the date the employee died. For employees who are aged between 65 and 70, this will generally be the application date chosen by the employee. Mercer can confirm this date for you if the employee has not notified you of this date.

Exit reason

Age retirement
Death
Early voluntary retirement
Age 70
Invalidity
Retrenchment
Resignation
Dismissal
Discharge
Over 65

Salary

Full-time salary: For employees under 70 this will be the annual salary rate applicable on their date of exit. If the employee has reached age 70, this will be the annual salary rate applicable on their 70th birthday.

Note: If the employee works part-time you need to provide the full-time equivalent salary.

10 COMMONWEALTH TAXATION

Scheme legislation authorises the reduction in a member's (gross) benefit to offset Commonwealth taxation provisions applying to superannuation funds. The reduced benefits are then subject to standard income tax provisions.

10.1 Employer contributions 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. (This does not apply when an employer-financed death benefit is paid to the dependants of a deceased member – in these cases, no benefit reduction applies.)

However, the benefit reduction is offset by the lower personal tax payable when a member receives a benefit.

10.2 Tax of benefits

If a member is receiving a SSS 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 SSS 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.

10.3 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 exceeded the annually adjusted income threshold.

The surcharge tax in a defined benefit scheme like SSS 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 each 30 June.

The surcharge tax will not be 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 SSS 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.*

10.4 Division 293 tax

From 1 July 2012 a tax of 15% applies to the concessionally 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 SSS 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 concessionally taxed basis. For the financial year ending 30 June 2024, the cap is $27,500 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.*

11 TAX FILE NUMBERS

11.1 Tax file number collection

SSS 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.

If any employee requests you to provide their TFN to the fund, it is important that you promptly forward it 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 130 096.

11.2 No TFN contributions tax

If an employee has not provided SSS 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.

12 EMPLOYER, BASIC BENEFIT AND AEC CONTRIBUTIONS

Non–Treasury funded employers will generally be invoiced for SSS employer, basic benefit and AEC contributions each month.

The SSS billing advice is generated at the beginning of each calendar month, following the end of month update. The billing advice serves three main purposes:

- It is a billing document instructing employers to pay their SSS employer, basic benefit and AEC contributions.
- It is Mercer's official advice of any variations for both SSS employer and SANCS (basic benefit and AEC) contribution rates due to a change in employee circumstances, such as a salary change or a change in hours worked.
- It provides details regarding members exiting employment that employers may need for audit purposes.

The invoice will advise employers of the total amount payable, which must be paid within seven days of the last day of that month.

Note: On-budget Treasury-funded employers are not required to pay the employer-funded contributions for SSS or the basic benefit, as Treasury remits these contributions directly to Mercer. However, these employer must pay any additional employer contribution (AEC) amount that appears on an invoice, as these are not paid by Treasury.

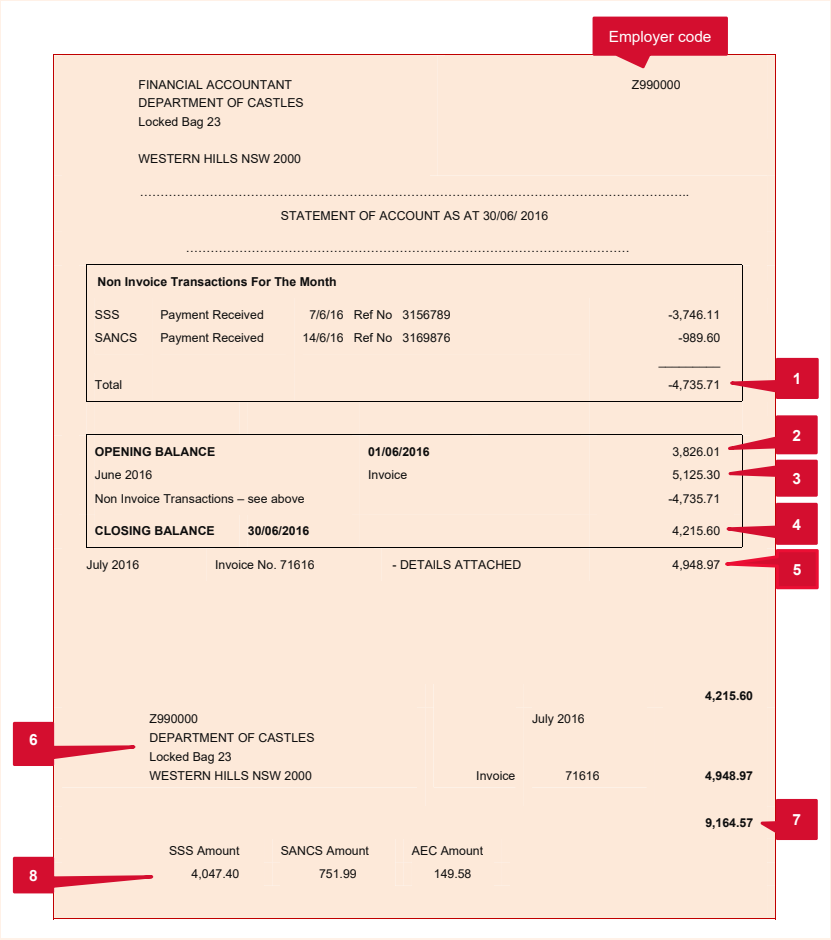
12.1 The billing advice

The monthly billing advice to employers is in two parts:

1. The statement of account and invoice is the first page of the billing document, and incorporates the total of the preceding month's invoice along with details of payments received during the month and the balance of the amount outstanding to Mercer. On the bottom of the page is the invoice stub that shows the current amount due, which is the sum of amounts outstanding from previous months plus the amount due for the current month.
2. The second page of the billing advice details the changes to be made in contribution payments to Mercer in the current month, including retrospective adjustments in relation to previous months. This page also provides a breakdown of the amounts included in the invoice for the current month, showing the SSS, SANCS and AEC components of the invoice.

12.2 Statement of account and invoice

The following diagram shows the components of the monthly statement of account and the total amount invoiced for the current month.



1. Details of payments received during the month – in this case June (shown as a negative) along with details of which invoices these funds have been allocated against. Note: For on-budget Treasury-funded employers, this will also include moneys paid directly from Treasury. Here, the total received is $4,735.71.
2. The opening balance due to Mercer at the beginning of the month preceding the invoice (quoted as the first day of that month), shown here as $3,826.01. Therefore, for the July invoice, the opening balance on the statement is at 1 June.
3. The total of the invoice of the previous month, shown here as $5,125.30.
4. The closing balance of the amount due to Mercer before adding the current month's invoice, in this example $3,826.01 + $5,125.30 - $4,735.71 = $4,215.60.
5. The amount due in respect of the current month's invoice, shown here as $4,948.97.
6. A summary of the outstanding amount, including the current month's invoice, incorporated in a tear-off stub that can be attached to the remittance forwarded to Mercer. STC 206 Form *Remittance advice* may be used as an alternative to the stub (see Section 12.4).
7. The total amount due to Mercer, shown here as $4,215.60 + $4,948.97 = $9,164.57.

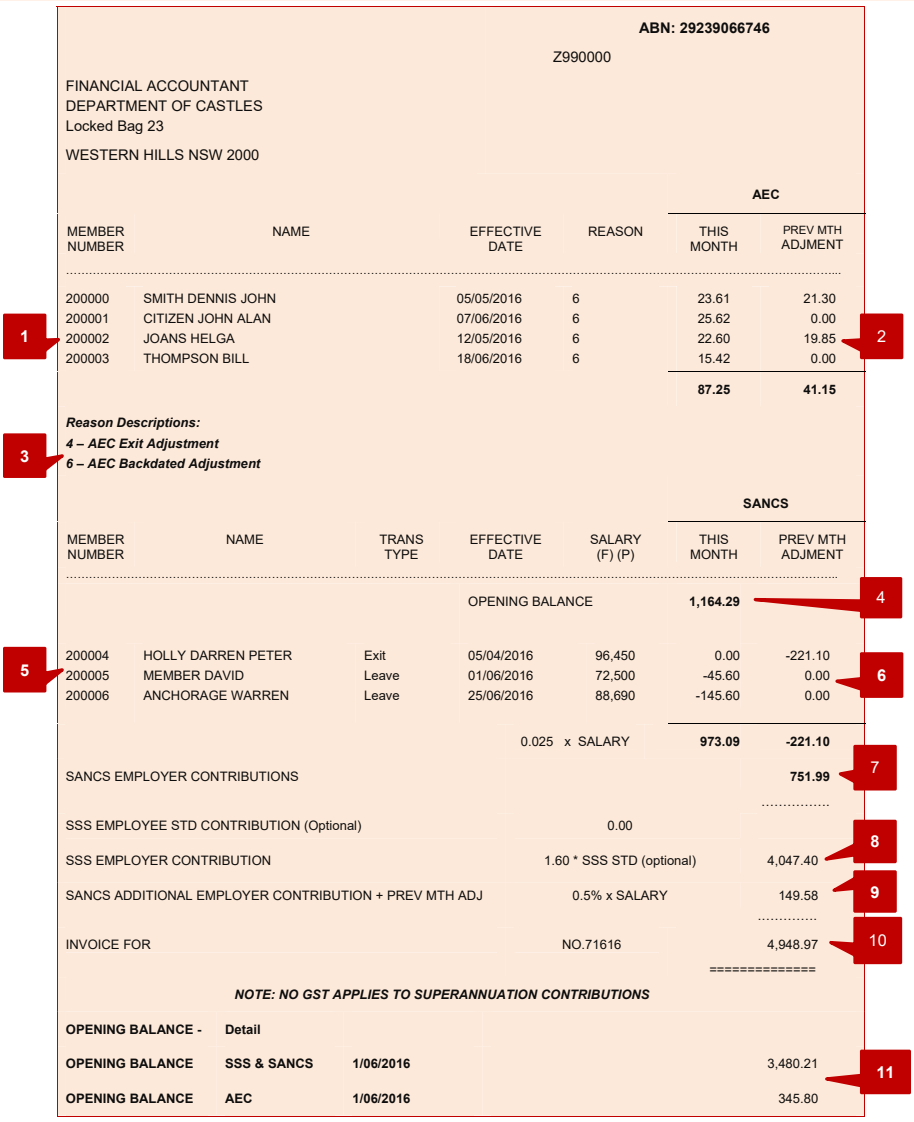
8. The total amount of the current month's invoice is broken up into SSS, SANCS and AEC amounts. In this example $4,047.40 for SSS, $751.99 for SANCS and $149.58 for AEC.

Note: In the event of an employee transfer, the original employer is billed for its SSS funding liability for the full superannuation period in which the transfer takes place. The new employer is billed from the start of the next superannuation period.

For example, if a member transferred on 25 July, the original employer would make contributions for period one (1 July–28 July) and the new employer would commence contributions from period two (29 July–25 August).

12.3 Statement of account and invoice - page 2

The following diagram shows an example of page 2 of the statement of account. This shows the adjustments that have been made to contributions in the current month, including retrospective adjustments to contributions for previous months. Also shown is a breakdown of the components - SSS, SANCS and AEC - that make up the invoice for the current month.



ABN: 29239066746

Z990000

FINANCIAL ACCOUNTANT
DEPARTMENT OF CASTLES
Locked Bag 23

WESTERN HILLS NSW 2000

AEC

MEMBER NUMBER	NAME	EFFECTIVE DATE	REASON	THIS MONTH	PREV MTH ADJMENT
200000	SMITH DENNIS JOHN	05/05/2016	6	23.61	21.30
200001	CITIZEN JOHN ALAN	07/06/2016	6	25.62	0.00
200002	JOANS HELGA	12/05/2016	6	22.60	19.85
200003	THOMPSON BILL	18/06/2016	6	15.42	0.00
				87.25	**41.15**

1 2

Reason Descriptions:
4 – AEC Exit Adjustment
6 – AEC Backdated Adjustment

3

SANCS

MEMBER NUMBER	NAME	TRANS TYPE	EFFECTIVE DATE	SALARY (F) (P)	THIS MONTH	PREV MTH ADJMENT
			OPENING BALANCE		**1,164.29**	
200004	HOLLY DARREN PETER	Exit	05/04/2016	96,450	0.00	-221.10
200005	MEMBER DAVID	Leave	01/06/2016	72,500	-45.60	0.00
200006	ANCHORAGE WARREN	Leave	25/06/2016	88,690	-145.60	0.00
			0.025	x SALARY	**973.09**	**-221.10**

4 5 6

SANCS EMPLOYER CONTRIBUTIONS		**751.99**
SSS EMPLOYEE STD CONTRIBUTION (Optional)	0.00	
SSS EMPLOYER CONTRIBUTION	1.60 * SSS STD (optional)	4,047.40
SANCS ADDITIONAL EMPLOYER CONTRIBUTION + PREV MTH ADJ	0.5% x SALARY	149.58
INVOICE FOR	NO.71616	4,948.97

7 8 9 10

NOTE: NO GST APPLIES TO SUPERANNUATION CONTRIBUTIONS

OPENING BALANCE -	**Detail**		
OPENING BALANCE	**SSS & SANCS**	**1/06/2016**	3,480.21
OPENING BALANCE	**AEC**	**1/06/2016**	345.80

11

1. A one-line entry for each employee who has had an adjustment made to their AEC contributions. Members are identified by member number and name.
2. The dollar value of each AEC adjustment is shown for each employee with an adjustment during the month.
3. A description of the reasons why an AEC adjustment is made.
4. The opening balance due to Mercer at the beginning of the month preceding the invoice (quoted at the last day of that month). Therefore, for the July invoice, the opening balance on the invoice is at 30 June, in this example $1,164.29.
5. A one-line entry for each employee, indicating changes to their basic benefit contributions. Arrears and refunds are billed on a one-off basis because they are adjustments to the previous month's contributions only.
6. The dollar value of each SANCS adjustment is shown for each employee with an adjustment during the month.

   The types of adjustments used on an invoice to identify the types of transactions that follow a change to a member's current or retrospective dollar contribution rate are listed below. For instance, in the example invoice, members have an adjustment listed due to "Exit", which indicates a member's billing has ceased.

   Transaction types:

   - Exit (reinstatements appear as exits with a negative value)
   - Leave
   - Merge
   - Part time
   - Salary
   - Transfer
7. After allowing for all changes, basic benefit contributions are calculated as a percentage. In this example, 2.5% of the salaries of all contributory members. After adjustments the total amount of basic benefit contributions is $751.99. The basic benefit contributions are credited to a separate reserve established to meet future SANCS liabilities.
8. The SSS employer contribution is shown in this section of the invoice, in this example $4,047.40.
9. The SANCS AEC contribution is shown in this section of the statement, in this example $149.58.
10. The invoice total including all items referred to in 7, 8 and 9 above, being the amount to be paid to Mercer in respect of the current month. This is shown as a debit on the statement of account, shown here as $4,948.97.
11. The opening balance from the start of the previous month, as shown at item 2 on page 1 of the statement of account, is broken up into the SSS/SANCS and AEC components, shown in this section of the statement of account as $3,480.21 (SSS/SANCS) and $345.80 (AEC). This totals $3,826.01, which is the amount shown at item 2 on page 1.

12.4 Remittance advice

Employers must send STC 206 Form *Remittance advice* to Mercer immediately when they make their contribution payments. The advice specifies how the remittance is to be allocated. Forms are available from www.statesuper.nsw.gov.au or from your Employer Relationship Officer.

Employers who pay their invoices by cheque should include the remittance advice or invoice stub with their payments. Where payments are made by direct deposit or electronic funds transfer, the remittance advice should be sent to Mercer via fax or email immediately after making the payment. The fax number for this service is (02) 4298 6688 and the email address is STC_CRU@mercer.com

Employers will need to arrange with their depository bank to pay contributions to SSS as follows:

Name of bank:	**Commonwealth Bank of Australia**
Bank account name:	STC Superannuation Schemes General Account
Bank address:	48 Martin Place, Sydney NSW 2000
Bank account number:	1022 6181
Bank state branch (BSB):	062 000

Employer contributions are credited to the employer reserve account on the actual date the funds are received by Mercer.

12.5 Employer reserves

Mercer does not store SSS employer contributions on an individual member basis. Employer contributions are credited to reserve accounts maintained by Mercer, on behalf of STC. Employers are classified as either:

- Part 1 – The Crown and other employers
- Part 2 – Local government and other authorities
- Part 3 – Public health organisations.

Note: The *Local Government and Energy Employer Order 2002* relocated all Part 2 employers to Part 1.

Each employer in Part 1 and Part 3 has a separate reserve.

Non-Crown employers are invoiced in accordance with STC instructions to ensure adequate funding is being received to cover emerging benefits. Contribution rates are set by STC using advice from the scheme actuary and with the concurrence of the NSW Treasurer.

The employer's contributions are adjusted to take into account periods of LWOP and CIHW by individual employees.

Employer reserve accounts are adjusted for investment earnings, taxation and administration costs, and the amount of paid benefits. Any deficiencies in funding must be met by the employer of the consolidated fund as appropriate. Benefits can only be paid when there is money in the employer's reserve sufficient to meet the benefit.

Funding holiday requests

STC reviews employer reserves and liabilities each June and December and decide if contribution rates should be increased or decreased, or if an employer should be given a contribution holiday.

Employers can request STC to look at their position; however, it is not necessary given STC's review of the unfunded liabilities. Employers should also consider any relevant Treasury Circulars.

Where employer contributions are not paid by NSW Treasury, a reserve account statement (the rolled-up billing system or RUBS account) is sent to employers periodically. An example of the statement is shown below.

Note: Funding holidays do not apply to Executive employees. Where an employer has been granted a 'funding holiday', superannuation deductions must continue to be made on behalf of Public Service Senior Executive or Police Service Senior Executive employees.

An example of a reserve account statement.

Date: 07/05/2012
Time: 2:32.36 pm

Report: SSS007
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STATE SUPERANNUATION SCHEME
COMPANY POOLED
MONTHLY SSS EMPLOYER AND SANCS RESERVE ACCOUNT STATEMENT
APRIL 2012

DEPARTMENT OF CASTLES *** Employer Code - 002 ***		**SSS Employer Reserve**	**SANCS Reserve**	**Total**
OPENING BALANCE AS AT 1/04/2012		0.00	0.00	0.00
CONTRIBUTIONS RECEIVED		0.00	0.00	0.00
EARNINGS DISTRIBUTION		0.00	0.00	0.00
MANAGEMENT CHARGES		0.00	0.00	0.00
TRANSFER IN - FROM EMPLOYER		0.00	0.00	0.00
TRANSFER OUT - TO EMPLOYER		0.00	0.00	0.00
EXTRAORDINARY:	RECEIPTS	0.00	0.00	0.00
	PAYMENTS	0.00	0.00	0.00
INCOME TAX ALLOCATION		0.00	0.00	0.00
SURCHARGE TAX ALLOCATION		0.00	0.00	0.00
LUMP SUM BENEFIT PAID:		0.00	0.00	0.00
	WITHDRAWALS	0.00	0.00	0.00
	RETRENCHMENTS	0.00	0.00	0.00
	NORMAL RETIREMENTS	0.00	0.00	0.00
	EARLY RETIREMENTS	0.00	0.00	0.00
	DEATH	0.00	0.00	0.00
	INVALIDITY	0.00	0.00	0.00
	MOBILITY	0.00	0.00	0.00
	COMMUTED PENSION	0.00	0.00	0.00
DEFERRED BENEFITS PAID		0.00	0.00	0.00
PENSION:	PAYMENTS	0.00	0.00	0.00
	PAYMENT REVERSALS	0.00	0.00	0.00
ADJUSTM-POOLING DEATH & DISABILITY PAYMENTS		0.00	0.00	0.00
TRANSFERS IN- FROM MEMBER RESERVES		0.00	0.00	0.00
TRANSFERS OUT- TO DEFERRED BENEFITS RESERVE		0.00	0.00	0.00
CLOSING BALANCE AS AT 30/04/2012		0.00	0.00	0.00

The entries which appear on the reserve account statement, and an explanation of the terms used, are detailed below.

Statement entry	Description
Transfers to deferred benefits reserve	The basic benefit in respect of members that elect to have their benefit deferred.
Extraordinary receipts	Amounts remitted to the administrator not related to the monthly billing system processed as an extraordinary receipt. For example, an amount to cover a deficiency in previous statements, a top up or a Public Service Senior Executive or Police Service Senior Executive oncost payment.
Extraordinary payments	Special charges not related to benefit payments, such as contingent charges.
Earnings	Interest based on the investment earnings of the fund is given if the account is in credit, and charged if the account is in debit. However, negative earnings for a month can result in the opposite.
Management charges	The employer's portion of administration expenses.
Contribution tax	The Commonwealth tax payable on contributions.
Surcharge levy (15% capped)	The amount of surcharge above the 15% cap on the amount charged to the member (restricted by legislation).
Closing balance	The balance at the end of each month, carried forward as the opening balance for the next month.

12.6 Employer merge

Accounts may need to be merged as a result of a government initiative, or a merge can be requested if an employer has multiple cost centres and wishes to consolidate them. Employers must be of the same 'Part' classification (see Section 12.5). The merge occurs at the beginning of the month following processing. Employers wishing to merge accounts at a specified date therefore need to provide advance notice. All employers must be as set out in the schedules to the scheme Acts.

12.7 Employer oncost

SSS members employed under contracts may be charged an employer on-cost which is deducted from their Total Remuneration Package (TRP). These members will be employed in Public Service Senior Executive bands, or under some other form of employment contract.

Public Service Senior Executive bands

SSS members employed in Public Service Senior Executive bands are required to bear the employer liability for superannuation from their TRP. An employer on-cost is calculated which includes the SSS and basic benefit components.

For a Public Service Senior Executive or a Police Service Executive the employer on-cost is deducted from the TRP to arrive at the Maximum Nominated Salary, which is the maximum salary that the officer can nominate as their superable salary. This must be done within one month of their appointment to a Public Service Senior Executive or Police Service Executive position.

For a SSS member who is a Health Service Senior Executive or a Transport Service Senior Executive they are also required to pay the employer on-cost but cannot nominate their superable salary as their salary is determined in the same manner as a standard SASS member - see section 5.3.

Other contracts of employment

When a non Public Service Senior Executive band contract employee commences employment, their employer must decide whether they will be required to pay the cost of the employer's contributions to SSS from their salary package. If so, the employer may choose to charge the amount set down for Public Service Senior Executive band officers, which has been actuarially determined as representing the cost to the employer over the membership. Alternatively, the employer may charge an alternative amount they deem as representing their costs.

Employer on-cost payments made by Treasury funded employers are not invoiced. These are sent as an extraordinary receipt on a monthly basis.

Any on-cost amount which is in excess of what Mercer has billed can either be held by the employer or forwarded to Mercer. Any pre-tax contributions paid to Mercer that are in excess of the normal billed employer contributions should be paid as 'extraordinary' payments to the employer reserve.

12.8 Employer on-cost percentage

In order to calculate the amount of a Public Service Senior Executive band superannuation on-cost an individual member's on-cost percentage is required. This percentage is available by contacting Mercer and should be requested before calculating the salary component of the employee's employment package.

The employer on-cost percentage is an actuarially determined percentage. It depends on the gender of the officer, the age at which they joined the scheme and if they joined before or after 1 July 1963. This percentage is deducted from the TRP using the formula listed below. The maximum percentage applied is 27.5% plus 2.5% if covered by the basic benefit, i.e. A total of 30%.

A member's on-cost percentage remains the same from year to year until they reach their normal retirement age in the scheme when, if they continue to be covered for the basic benefit, the on-cost reduces to 2.5%.

The formula to calculate the maximum nominated superable salary is:

MAX = T – S divided by (1.025 + C)

T = the total remuneration package
S = any other employer oncost superannuation arrangement (which in most cases will be nil).
C = the package oncost value shown in the employer oncost table.

Further information can be found on STC Fact Sheet 8: *Calculation of Superable Salary and Oncost Liability and Membership Options for Public Service Senior Executives and Police Service Executives.*

13 EMPLOYEE CONTRIBUTIONS

All employee contributions forwarded by the employer must be submitted via the State Super employer website unless a member is on LWOP.

13.1 Completing a contribution return

There are two types of files that can be submitted via the website: Excel files or data entry files.

Data entry file

The data entry contribution file is available from the employer website under the Data Entry tab. This option would generally be used by employers with a small number of employees (between 1 and 40). The form on the website has retrievable data, which means if an employer has previously used this form they can start with a copy of the data they entered last time.

Excel file

When an employer has a large number of employees (over 40) they will generally prepare and submit their own file in Excel format.

When submitting an Excel file, the contribution files must be in the correct format to allow straight-through processing. Each file must contain a batch header, data records and a batch trailer.

Following is an example of a contribution file and the required data format. If the file is in the correct format and Mercer is able to validate the information, the employer will be sent an email advising that validation was successful and that on receipt of payment, proceeds will be allocated to the employee's accounts.

If a file is not sent in the correct format or we are unable to validate the data, an email will be sent to the employer with details of why the file was rejected. The file will be returned to the sender for correction and re-submission.

Example of contribution file

Employer code:			Contribution super period:					
Member number	Serial number	Surname	Given name	D.O.B	Post-tax normal contributions	Pre-tax normal salary sacrifice contributions	Post-tax reserve unit contributions	Pre-tax reserve unit salary sacrifice contributions

13.2 Details of required file format

Each file will consist of one batch, comprising:

- a batch header record, which indicates the start of the batch of data. It identifies data type, the originator of the data and relevant date(s)
- a number of data records containing detailed information, each pertaining to an individual employee
- a batch trailer record, which indicates the end of the batch of data. It contains a count of the data records, and check totals of numeric fields.

Note:

- The figure in the format field shows the length of the data.
- Default values:
  - All numeric fields (9) are to be right-justified, zero-filled and positive value.
  - All alphanumeric fields (X) are to be left-justified and space-filled.
- In the batch trailer records, the Record Count field is the number of individual data records contained in the batch. The count does not include the header and trailer records.
- In the batch trailer records, the Total fields are the sum of the corresponding fields from the individual data records in that batch.
- Employer code means the six-character employer code.
- Export file means the employer sends the file to the administrator.

Naming Convention	Format		Structure
Employer decision	Fixed		Header, data
Column Description	**Length and Data Type**	**Position**	**Comments**
Header:			
Fund code	3 alpha	1–3	Column heading always ‘FND’
Filler	1	4–4	Space-filled
Member number	3 alpha	5–7	Column heading always ‘MEM’
Filler	1	8–5	Space-filled
Date of birth	3 alpha	9–11	Column heading always ‘DOB’
Filler	1	12–12	Space-filled
Effective date	3 alpha	13–15	Column heading always ‘EFF’
Filler	1	16–16	Column heading space-filled
Employer code	3 alpha	17–19	Column heading always ‘PAY’
Filler	1	20–20	Column heading space-filled
Payroll number	3 alpha	21–23	Column heading always ‘PNO’
Filler	1	24-24	Space-filled
Surname	3 alpha	25-27	Column heading always ‘SNM’
Filler	1	28-28	Space-filled
Contribution type 1	3 alpha	29-31	Column Heading Always ‘MCU’
Filler	1	32-32	Space-filled
Contribution type 2	3 alpha	33-35	Column heading always ‘DMP’
Filler	1	36-36	Space-filled
Contribution type 3	3 alpha	37-39	Column heading always ‘REU’
Filler	1	40-40	Space-filled
Contribution type 4	3 alpha	41-43	Column heading always ‘REP’
Data			
FND	4 Alpha	1-4	Always ‘SSS1’, the code for the SSS fund in the iseries tables
Filler	1	5-5	Space-filled
MEM	6 alpha	6-11	Member number, in the format 123456 or ******
Filler	1	12-12	Space-filled
DOB	10 date	13-22	Member’s date of birth in the format DD/MM/CCYY
Filler	1	23-23	Space-filled

Naming Convention	Format		Structure
Employer decision	Fixed		Header, data
Column Description	**Length and Data Type**	**Position**	**Comments**
EFF	10 date	24-33	Payroll date calculated by the website in the format DD/MM/CCYY
Filler	1	34-34	Space-filled
PAY	6 alpha	35-40	Employer code
Filler	1	41–41	Space-filled
PNO	10 numeric	42–51	Payroll number
Filler	1	52–52	Space-filled
SNM	25 alpha	53–77	Surname
Filler	1	78–78	Space-filled
MCU	12 numeric	79–90	Normal contribution amount in the format $xxx.cc
Filler	1	91–91	Space-filled
DMP	12 numeric	92–103	Normal salary sacrifice contribution amount in the format $xxx.cc
Filler	1	104–104	Space-filled
REU	12 numeric	105–116	Reserve unit contribution amount in the format $xxx.cc
Filler	1	117–117	Space-filled
REP	12 numeric	118–129	Reserve unit salary sacrifice contribution amount in the format $xxx.cc

13.3 Sending the contribution file

Whether the employer is using the file template from the Data Entry area on the website or submitting their own Excel file, they will need to submit the contribution file through the website.

From the Employer website select the File Send tab, then select SSS from the scheme name dropdown menu.

Enter the following information:

- employer code
- file type (SCR, or superannuation contribution return)
- payroll date
- total file value
- number of records in the file
- superannuation contribution period

- payment method (electronic funds transfer, direct deposit or cheque).

If you select the payment type 'EFT/direct deposit', you will need to enter the payment amount and expected payment date.

When you submit these details, you will receive a summary of the details entered. If these are correct and you would like to send the file, attach it using the Browse button and click the Submit button.

You will then receive confirmation that your file has been uploaded to Mercer. If you have elected to pay by cheque, you need to print the page which appears and attach it to your cheque.

14 MEMBER SEMINARS

STC runs member seminars on a regular basis. Invitations are automatically issued to members. Members can request information about the seminars by emailing seminars@statesuper.nsw.gov.au or by visiting the State Super website.

State Super seminars are presented by Aware Super financial planners on behalf of State Super. Aware Super financial planners are specifically trained on all aspects of the SSS scheme, so they may assist members to understand how to maximise their superannuation and plan for the future.

Note regarding the seminars:

State Super has selected Aware Super to run seminars on its behalf, because their financial planners have in-depth product, technical and financial planning knowledge relating to all STC schemes.

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.

More information

If you need more information, please contact us:

Telephone:	1300 142 708 8.30 am to 5.30 pm, Monday to Friday.
Fax:	(02) 4298 6688
Postal address:	State Super, PO Box 2181, Melbourne VIC 3001
Internet:	www.statesuper.nsw.gov.au
Email:	STC_Employer@mercer.com

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