

## Crystallising Your Benefit After Age 55

### Introduction

As a State Authorities Superannuation Scheme (SASS) or State Superannuation Scheme (SSS) member, your salary at (or near) the date your employment ends influences the amount of your benefit. As you approach retirement, you may choose to move to a lower-paid position as an alternative to retiring from the workforce. If your salary drops just before you cease employment, your benefit from SASS or SSS will also drop.

You may be able to protect your superannuation entitlements if you are over age 55 and move to lower-paid employment late in your career. This is called 'crystallising' your benefit.

### Are you eligible for crystallisation?

You are eligible for crystallisation if you are a member of SASS or SSS and have a single reduction in salary of at least 20% (full-time equivalent) after turning age 55. Your employer will need to provide a certificate to STC verifying both your age and the salary reduction.

Within two months of your salary being reduced, you must notify STC that you wish to be covered by the benefit protection provisions.

### Am I eligible if the salary reduction followed a break in employment?

If you are a contributor to SASS and the reduction in your salary followed a break in your employment (for example, you resigned and within three months commenced new employment with a SASS employer), and you successfully applied for continuity as a SASS member, you may be eligible for crystallisation (see *STC Form 238 Continuity of scheme membership*, for information regarding continuity of scheme membership). The general rules above would apply from the date you started work with your new employer.

As a SASS member, you should note that you will only be eligible for continuity if you had not reached the scheme retirement age at the time you ceased employment (age 58 for most members, or age 55 for former SPSSF members). If you are not eligible for continuity, you will also not be eligible for crystallisation. In this case, you can elect to have your benefit paid or deferred but you cannot continue as a contributor to State Super.

If you are a SSS member and the reduction in salary followed a break in your employment, you would not be eligible for crystallisation.

### Who is not covered?

You will only be eligible for crystallisation if you change to a lower paid position and your full-time equivalent salary is reduced by 20% or more. You will not be eligible if you move from full-time to part-time employment or reduce the number of part-time hours you work, unless your full-time equivalent salary has also reduced by at least 20%. Your employer will be able to tell you if alternative, lower-paid work is available.

If you are not eligible for crystallisation, you may still be able to protect your super in the event of a salary reduction, but only if your salary is reduced due to special circumstances – for example, due to poor health. If you are a SASS member, you should read SASS Policy 5 – *Retention of higher salary and benefit cover where a member's salary is reduced*. If you are a SSS member, see SSS Policy 14 – *To approve retention of higher salary and benefit cover in certain circumstances where a member's salary is reduced*. These policy are located on the State Super website at [www.statesuper.nsw.gov.au/about-us/governance-and-policies](http://www.statesuper.nsw.gov.au/about-us/governance-and-policies), then click on "Scheme Policies".

The STC schemes are administered by Mercer Administration Services (Australia) Pty Ltd on behalf of the schemes' trustee, SAS Trustee Corporation (STC). STC is governed by the *Superannuation Act 1916*, the *State Authorities Superannuation Act 1987*, the *State Authorities Non-contributory Superannuation Act 1987*, the *Superannuation Administration Act 1996* and the *Police Regulation (Superannuation) Act 1906*. The schemes are also subject to Commonwealth superannuation and tax legislation.

STC has published this fact sheet. STC is not licenced to provide financial product advice in relation to the STC schemes or to their members.

Reasonable care has been taken in producing the information in this fact sheet and nothing in it is intended to be or should be regarded as personal advice. If there is any inconsistency between the information in this fact sheet and the relevant scheme legislation, the scheme legislation will prevail. In preparing this fact sheet, STC has not taken into account your objectives, financial situation or needs. You should consider your personal circumstances, and possibly seek professional advice, before making any decision that affects your future.

To the extent permitted by law, STC, its directors and employees do not warrant the accuracy, reliability or completeness of the information contained or omitted from this fact sheet.

## How will your benefits be protected?

The crystallisation provisions work by crystallising (preserving) the value of your accrued benefits based on your salary immediately before its reduction.

The crystallised benefit will continue to be adjusted until you cease employment (through resignation, retrenchment, invalidity, retirement or death) and it is paid out. Your benefits are adjusted by either investment earnings or indexation at the Consumer Price Index (CPI) rate, depending on the scheme and the type of benefit (see below).

## Will my employer still make superannuation contributions on my behalf?

Your employer will still be required to make superannuation contributions on your behalf, but they cannot pay them into your crystallised SASS or SSS account. You can elect to join another complying superannuation scheme of your choice or you can join SASS as a new member, as long as you do so at the time your original benefit is crystallised. If you become a new SASS member, your new membership benefits will accrue in the scheme based on your lower salary, including the Basic Benefit.

## Methods of crystallising and adjusting benefits

### 1. Basic Benefit (non-contributory benefit)

When your Basic Benefit is crystallised, it becomes a deferred benefit. The deferred benefit is based on your old higher salary, and calculated as if you had ceased employment on the day before your salary was reduced. Your deferred Basic Benefit is adjusted with earnings at the Fund Earning Rate.

### 2. SASS

When your SASS benefit is crystallised, it becomes a deferred benefit. The deferred benefit is based on your old higher salary, and calculated as if you had ceased employment on the day before your salary was reduced. It is adjusted by earnings at the rate of your elected investment strategy, or if you do not make an election, by the Trustees 'default' investment strategy which is the Growth Strategy for members under 60 years of age, and the Balanced Strategy for those over 60.

**Note:** If you are a SASS member with an option to take your employer component in the form of an indexed pension, electing to crystallise your benefit will mean that you lose this option (including any reversionary pension entitlement).

### 3. SSS

As a SSS member, if you are eligible to apply to have your SSS benefit crystallised, you are also entitled to retire and be paid either the early voluntary retirement benefit or the normal retirement benefit. Therefore, the value of your crystallised benefit is the same as the retirement benefit you would otherwise have received on that date. Once crystallised, your SSS benefit becomes a deferred benefit.

The full amount of your deferred SSS pension is adjusted according to movements in the CPI. It is not payable until you cease the employment that gave rise to this benefit, nor does it accumulate for payment when you retire.

### Special SSS lump sum option

As a SSS member, if you have crystallised your SSS pension you also have the right to commute all or part of your benefit to a lump sum that will be paid when you cease employment. You must elect to commute within three months of the date your salary was reduced. You cannot make an election to exchange your pension for a lump sum when you cease employment, nor can you amend or revoke your decision more than three months after your salary reduction.

A deferred SSS lump sum benefit is adjusted by investment earnings at the Fund Earning Rate.

### Death of a member with a crystallised deferred benefit

If you die before ceasing employment and have a crystallised benefit, your benefit will be paid out in accordance with the scheme rules regarding payment of death benefits. If you are survived by an eligible spouse, your benefit will be paid to your spouse (subject to the normal eligibility rules).

If you have a deferred SSS benefit, your spouse is entitled to receive:

- a) any lump sum benefit arising from the commutation of your deferred pension, and
- b) a pension equal to two-thirds of the full value of your pension at the time of your death. This entitlement is calculated as if you had not exchanged any of your pension for a lump sum.

Children's pensions may also be payable.

## When is the benefit payable?

Your crystallised benefit cannot be paid to you until you have either ceased employment, or reached age 65 or over even if you are still employed. At that time, you will also be eligible to apply for the superannuation benefit that accrued after the salary reduction.

## How to apply

To apply to crystallise your benefits, please submit a completed signed copy of STC Form 240: *Election to crystallise your benefits*, to State Super within two months of your salary reduction. If you wish to have your future superannuation contributions made to SASS you must also indicate this in section 4 on STC Form 240 within two months of your salary reduction.

Applications should be posted to:

State Super  
GPO Box 2181  
MELBOURNE VIC 3001

## Does my employer need to do anything?

Once we have received your application to crystallise your benefits, we will contact your employer to confirm:

- that you are over 55 years of age
- that you have had a single salary reduction of at least 20% after reaching the age of 55
- the day the salary reduction took place (as the crystallised benefit is calculated as at the day before the salary reduction).

## More information

If you need more information, please contact us:

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

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

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

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

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