

## Death Benefit

### What is the benefit?

Where a contributing member dies before reaching the early retirement age (generally age 58, but age 55 for SPSSF and some other members of earlier schemes), the benefit will comprise:

- a) the balance in the contributor's **personal account**, and
- b) the **employer-financed benefit**, which is 2.5% (3% for SPSSF members) of the higher of final salary or final average salary for each accrued benefit point, and
- c) the **basic benefit**, which is 3% of final salary if aged less than 55 at date of death or 3% of final average salary if aged more than 55 at date of death, for each year of service from 1 April 1988, and
- d) the balance in the contributor's **Commonwealth Government contributions account**, if any, and
- e) if the member is covered for the additional benefit, the **additional benefit**, which is 4% of final salary for each prospective benefit point to age 58, and
- f) any **additional employer contribution (AEC) account** balance. Not all SASS members will have an AEC account, as it only applies to members whose employment after 30 June 2013 was subject to NSW Public Sector Wages Policy. Eligible members receive an additional employer contribution at the rate of 0.25% of their salary for the 2013–14 financial year, 0.5% for 2014–15 to 2020–21, 1.0% for 2021–22, 1.5% for 2022–23, 2.0% for 2023–24 and 2.5% for 2024–25. Interest is paid on the contributions that accumulate in an AEC account.

Where a contributing member dies after reaching the early retirement age (generally age 58), the additional benefit (e) is not payable, and the employer-financed benefit is based on final average salary only.

### Who is eligible for the benefit payment?

In the event of the death of a SASS member, the benefit will be paid to the eligible spouse or de facto partner.

An eligible spouse or de facto partner of a deceased contributor is:

- a) the widow or widower of the contributor, or
- b) a person in a registered relationship or interstate registered relationship with the deceased within the meaning of the *Relationship Register Act 2010*, or
- c) a person who was in a de facto relationship - within the meaning of the *Interpretation Act 1987* - with the deceased at the time of the deceased's death.

A de facto partner may be a person of either the opposite sex, or if the deceased dies on or after 19 January 2001, the same sex.

Where claims are made by more than one eligible person, the Trustee may decide the appropriate distribution of benefits.

Benefits are paid strictly in accordance with scheme legislation and there is no provision for a member to nominate a beneficiary. On the death of a contributor who is not survived by an eligible spouse or de facto partner, the benefit will normally be paid to the personal representatives of the deceased's estate.

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.

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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.

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## What rules apply to members of earlier schemes?

The following is a brief summary of the special provisions relevant to the benefits payable on the death of members who had transferred into SASS from earlier closed schemes.

### Additional benefit cover

Additional benefit cover extends to age 60 for some former members of the Public Authorities Superannuation Scheme (PASS) who were compulsorily transferred into SASS. This includes former members of the NSW Retirement Fund (NRF), Local Government Pension Fund (LGPF) who had earlier transferred to PASS, and Transport Employees Retirement Fund (TERF). A higher additional benefit may also be payable on the death of a former LGPF member. In very general terms, this is valued at 1% of salary for each prospective benefit point calculated to age 65.

### Guaranteed minimum benefit

For most transferees from earlier schemes, there is a guaranteed minimum benefit in the event of death or invalidity before retirement age. However, the SASS benefit payable will exceed this minimum benefit in the majority of cases.

### Pension entitlement

The spouses of deceased former members of the NRF, LGPF and Railways Superannuation Account retain a right to elect to receive part of their benefits as a pension. A pension entitlement may be payable to an eligible spouse or de facto partner of the deceased member. The spouse or de facto partner is also entitled to lump sum benefits comprising the deceased member's personal contribution account and their SANCS benefit.

In some cases, a pension may also be payable to any dependent child of a deceased former Local Government Pension Fund member (up to the age of 16, or up to 25 if the child is receiving full-time education). **Note:** The child pension entitlement may apply in the cases of some deceased former members of the Provident, Insurance and Benefits Funds who transferred into the Local Government Pension Fund. For more information, refer to SASS Fact Sheet 12: *SASS Pension: Your questions answered*.

### SPSSF

The value of benefit points accrued by transferees from the State Public Service Superannuation Fund (SPSSF) are based on 3% of salary instead of the standard 2.5%. These members also retained the right to receive retirement benefits at age 55.

## Is tax payable on a death benefit?

This depends on whether the benefit is paid to a dependant as defined under *Income Tax Assessment Act 1997*. The type of benefit (lump sum or pension) and your age when the benefit is received are also factors. In general, a lump sum death benefit paid to a dependant will be tax free. Please see STC Fact Sheet 3: *Taxation* for details of the Commonwealth tax rules affecting superannuation.

## Death and disability provisions for Fire Fighters, Paramedics and Police Officers

If you are employed by the NSW Fire Brigade, NSW Ambulance Service or NSW Police Force, you may be covered under the revised death and disability (D&D) provisions. If you currently do not have additional benefit cover, **you are not eligible to apply for this cover**.

Scheme legislation was amended to allow members with additional benefit cover to opt out and take up the new insurance arrangements provided under the revised D&D provisions.

However, members who elected to opt out cannot opt back in and apply for additional benefit cover. For members who elected to retain their additional benefit cover, there are no changes to the SASS additional benefit provisions.

In the event of total and permanent invalidity, partial and permanent invalidity, or death, any benefits payable under the revised D&D provisions are in addition to the SASS benefit.

## Fact sheets about related topics:

SASS Fact Sheet 4: *Optional Additional Benefit cover*

SASS Fact Sheet 12: *SASS Pension: Your Questions Answered*

STC Fact Sheet 3: *Taxation*

STC Fact Sheet 4: *When can I be paid my superannuation benefits?*

STC Fact Sheet 10: *Basic Benefit*

STC Fact Sheet 13: *Information about the Commonwealth Government's Superannuation Co-contribution and the low income superannuation tax offset*

STC Fact Sheet 20: *SANCS Additional Employer Contributions (AEC) Account*

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30/09/2024

## More information

If you need more information, please contact us:

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