

Contribution Arrears

Arrears of contributions can occur for a number of reasons. The most common reason is if you deferred your contributions during a period of leave without pay. Other reasons include a change in employment status (e.g. part-time to full-time) or a delay in your employer adjusting contribution deductions from your salary after a salary increase.

Your Annual Statement shows the dollar amount of contribution arrears that you owe to SSS. Arrears are only shown if the total amount owing is equal to at least 12 weeks contributions. Arrears totalling less than 12 weeks contributions are not shown, but must still be paid.

Interest on arrears

Interest is payable on contribution arrears in the following situations:

- arrears arising as a result of leave without pay
- if you leave employment and are re-employed with a SSS employer within 3 months and you choose to resume making contributions.

You may apply to the Trustee to waive the interest payable in special circumstances.

Interest is to be paid for the period from the date the arrears became due for payment until the date that all the arrears (and interest) have been fully paid. Interest is calculated at the scheme's investment earning rate and is compounded annually.

The interest that you pay on contribution arrears, if any, is added to your personal account. It is also regarded as a non-concessional contribution and will be added to the tax-free component of your benefit.

Paying your arrears

You can repay your contribution arrears (and any interest owing on those arrears, if applicable) by a lump sum payment at any time prior to your exit from the scheme. Payment can be made to State Super by electronic funds transfer (EFT).

Please see form *STC 237 Payment of contributions or surcharge debt by Electronic Funds Transfer (EFT)* for further information, which can be found on the State Super website at www.statesuper.nsw.gov.au.

However, it is important to remember that if you have to pay interest on the outstanding contributions, then the **interest continues to accrue on the amount owing until the debt is fully paid**.

Contribution arrears and interest can also be paid when you exit the scheme by a part commutation of a pension benefit, a reduction in a lump sum benefit or a combination of both.

Fact sheets about related topics are:

SSS 1 *Salary for superannuation purposes*

SSS 2 *Unit entitlement*

SSS 3 *Contributions*

SSS 4 *Part-time employment and part-time leave without pay*

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.

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More information

If you need more information, please contact us:

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