STATE SUPER
SAS Trustee Corporation

STC
FACTSHEET 4

When can I be paid my superannuation benefits?

A guide to the Commonwealth Government's standards requiring superannuation benefits to be preserved in the superannuation system – as they apply to the State Authorities Superannuation Scheme (SASS) and the State Superannuation Scheme (SSS).

Important tax information

If you are receiving a pension, tax is generally not payable if you are over the age of 60, but some tax may be payable if your pension is more than the defined benefit income cap ($118,750 as at 1 July 2023). Tax may be payable on your pension if you are under 60.

No benefits tax is payable on superannuation lump sum payments if you are over the age of 60 when the lump sum benefit is received. If you are under 60, tax may be payable.

Please see STC Fact Sheet 3: *Taxation*, for details of the Commonwealth tax rules regarding superannuation, including:

- the amount of tax payable on superannuation benefit payments at certain ages, and
- the importance of providing your TFN.

What do the payment standards mean?

Commonwealth provisions generally require part of your superannuation benefit to be preserved (i.e. kept in the superannuation system) until you satisfy a **condition of release:**

- you cease employment from age 60
- you retire from the workforce at or after your preservation age which is between the ages of 55 and 60 depending on your date of birth (see the table on page 2)
- you reach age 65, even if you continue to work
- you become permanently incapacitated or die
- you meet the criteria for the benefit to be released on financial hardship or compassionate grounds (see STC Fact Sheet 2: *Early release of superannuation benefit on grounds of severe financial hardship* or STC Fact Sheet 6: *Early release of a superannuation benefit on compassionate grounds*).

Note: A further condition of release is available to SSS members who have terminated employment with their scheme employer before reaching their preservation age (see the table on page 2). Those members have the option to take their benefit in the form of a non-commutable income stream. This option is explained on page 3.

The standards do not involve a reduction in your benefits.

Similarly the standards do not affect the age at which you are entitled to a retirement benefit. (i.e. age 55 or 58 in SASS and from age 55 in SSS) **– although you may not be able to receive the full amount of your benefits at that time.**

Who may be affected?

Provisions were introduced into the NSW scheme legislation to apply the Commonwealth's superannuation preservation standards from 1 July 1999. These standards apply to the benefits accrued by all members of SASS and SSS, including the basic benefit payable from the State Authorities Non-contributory Superannuation Scheme (SANCS).

The effect of the preservation standards on an individual member depends on the member's age at the time they exit their public sector employment and the reason for their exit.

Commonwealth preservation age

The aim of the preservation standards is to help maintain, and grow, your super savings until you retire.

Retirement has a specific meaning under the superannuation payment standards depending on your preservation age. The preservation age of a fund member is defined in the table below. You will see that it increases from age 55 gradually to 60, for those born after June 1960.

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 you have reached your preservation age, but are less than 60 years of age, retirement means you need to have ceased work permanently.

Once you have reached 60 years of age, however, you can access your preserved benefit whenever you cease your employment – whether permanently or not. At age 65 you can access all of your benefit, whether or not you have ceased employment or retired.

A list of the conditions under which your preserved benefit may be released – either before or after your preservation age – is shown on the first page of this Fact Sheet.

Important dates which affect preservation

Before 1 July 1999

Whether the benefit was subject to compulsory preservation depended on the type of benefit being paid. For SASS and SSS members, the award type basic benefit was required to be preserved, while their contributory scheme benefits were generally payable in full at the time of exit, in accordance with scheme rules.

From 1 July 1999

The maximum amount of any benefit you receive from the scheme that is not required to be preserved is known as the non-preserved amount. This amount may be higher if you exit employment on invalidity grounds (see later paragraph). It remains constant until a benefit is paid from the scheme. Any benefit paid from the scheme is compared with this amount. If your benefit exceeds your non-preserved amount, then the excess amount is required to be preserved. If your benefit is less than your non-preserved amount, then none of the benefit is required to be preserved.

The benefit components section of your Annual Statements show the amount of your benefit payable at 30 June that is required to be preserved, together with the amount that is non-preserved. The non-preserved amount may be classified as 'restricted' and/or 'unrestricted' non-preserved depending on whether you need to cease your current employment to claim your benefit payment. If you are aged less than 65 and your annual statement does show a preserved amount in the benefit components section, this means that your benefit entitlement exceeds the non-preserved amount.

How was the non-preserved amount calculated?

The non-preserved amount is not adjusted or indexed. It will always be the same fixed dollar amount which was calculated on 1 July 1999, when the Commonwealth introduced new preservation standards for superannuation money.

The non-preserved amount is the maximum amount you could have accessed immediately on 30 June 1999 if you had exited the scheme. Generally, this is based on your retrenchment benefit entitlement on that date.

Preservation requirements and certain SSS invalidity pensions

A higher non-preserved amount applies if you are a SSS member who is medically retired and has satisfied the Commonwealth total and permanent incapacity test for release of the preserved component of your benefit.

This applies if you are deemed to be totally and permanently incapacitated because you have provided the required medical evidence to prove that you are 'unlikely to ever be employed in a capacity for which you are reasonably qualified because of education, training or experience'. In this case, the non-preserved amount is based on the capitalised (lump sum) value of your invalidity benefit as at 1 July 1999. All benefit accruals above this higher non-preserved amount must still be preserved.

What about deferred benefits?

The same preservation standards apply if you cease employment and defer your benefits in the scheme. A non-preserved amount was calculated at 1 July 1999 and only that amount may be paid as cash before you reach the preservation age or satisfy another condition of release (see first page).

How are SSS pensions affected?

On retirement on or after 1 July 1999, you will have a preserved component if:

- you have not reached your preservation age
- you retire before age 60 after reaching your preservation age but do not certify that you have retired from the workforce (this also applies to lump sum benefits)
- your pension is an invalidity pension, you have not reached your preservation age, and you do not satisfy the total and permanent incapacity test (although, as explained earlier, you will have a higher non-preserved amount than on resignation or retrenchment).

In these circumstances, you have two options for your preserved component:

(1) It can be immediately received as a non-commutable pension (i.e. a pension which you can never convert into a lump sum. If you die, your spouse or de facto partner can only exchange any pension they are entitled to within 20 years or your life expectancy from the date your pension commenced, whichever is the lesser).

(2) The preserved component can be paid each fortnight into a separate account, which can be paid to you once you satisfy a condition of release, such as reaching the preservation age. This separate account would be adjusted for interest and management charges. The preserved component of the pension will also be adjusted annually in line with the Consumer Price Index (All Groups, Sydney).

It is important to note that a SSS member's ability to exchange (commute) the preserved part of their pension to a lump sum may be affected if they have not permanently retired from the workforce on exit from their public sector employment before age 60. Please contact Customer Service for more details.

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01/08/2023

More information

If you need more information, please contact us:

Telephone: **SASS** 1300 130 095 **SSS** 1300 130 096 **PSS** 1300 130 097 **Deferred Benefits** 1300 130 094
8.30 am to 5.30 pm, Monday to Friday.

Personal interviews: Please phone to make an appointment.

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