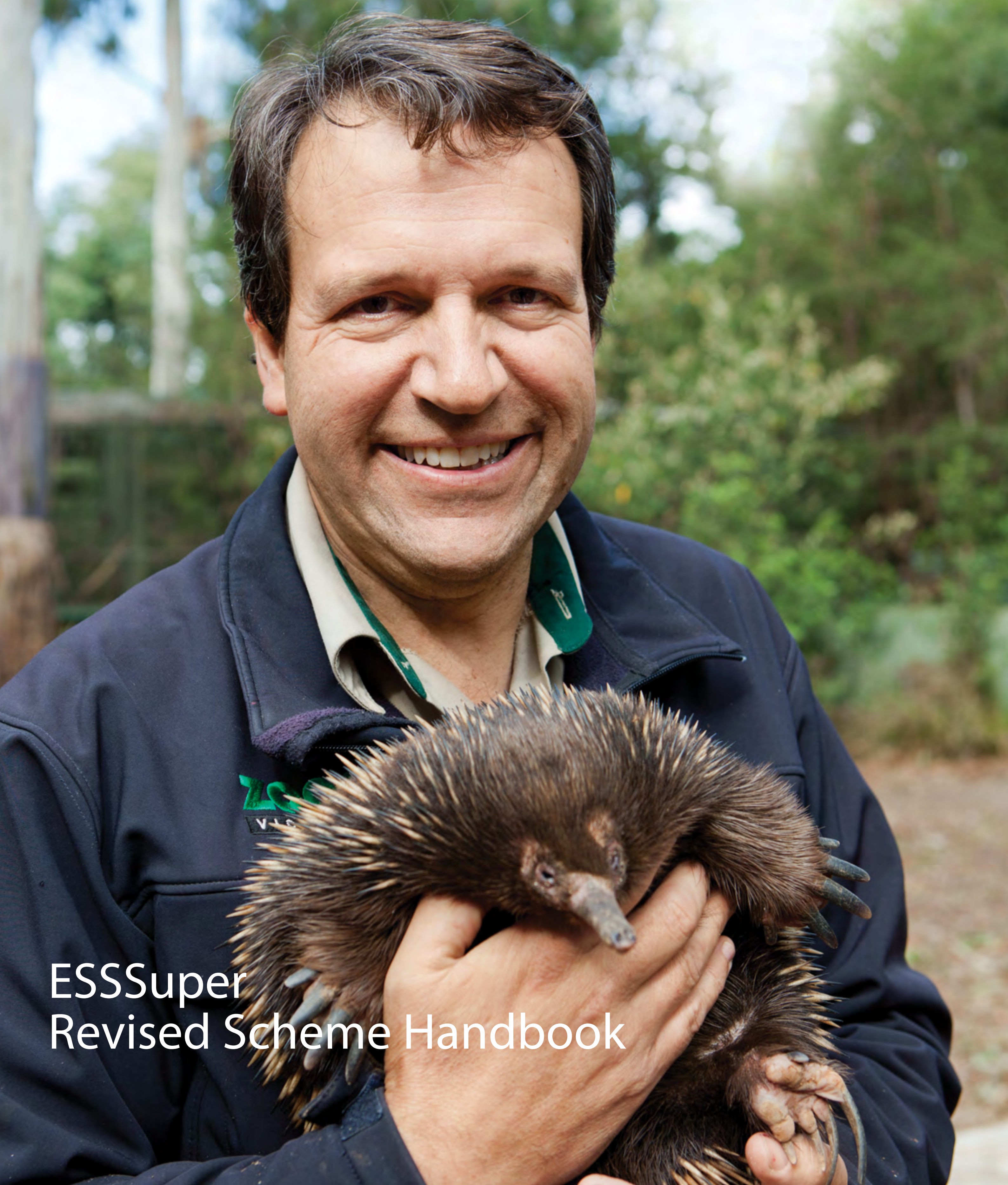

ESSSuper
Revised Scheme Handbook

Proudly serving our members

Issued 1 July 2017

Issued by: Emergency Services Superannuation Board ABN 28 161 296 741
as Trustee of the Emergency Services Superannuation Scheme ABN 85 894 637 037

ESSSuper
Emergency Services & State Super

Important notice

This handbook outlines the superannuation arrangements for members of the ESSSuper Revised Scheme.

The members are employees, including temporary employees, who joined the Victorian Public Service, Teaching Service, and participating agencies between 1 January 1975 and 30 June 1988. This Scheme also has members who have transferred from other funds.

Disclaimer

How to contact ESSSuper

Our Member Service Centre can assist you with all enquiries regarding your benefits. If you want to discuss any aspect of your membership, or you want to make an appointment for a personal interview, you can telephone us between 8.00 am and 5.00 pm Monday to Friday. Making an appointment prior will ensure prompt service.

ESSSuper's contact details are:

Street address	Level 16, 140 William Street Melbourne Victoria 3000
Postal address	GPO Box 1974 Melbourne Victoria 3001
Telephone	1300 655 476
Facsimile	1300 766 757
Email	info@esssuper.com.au

Also, our website is an important source of up-to-date information. Just go to **www.esssuper.com.au**

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Introduction

About the Revised Scheme

The Revised Scheme is a defined benefit scheme that was introduced in 1975 and has been closed to new members since 30 June 1988.

The Revised Scheme provides superannuation benefits on retirement, resignation, retrenchment, death and disability for permanent employees, who were members of the fund and employed prior to 30 June 1988 by:

- the Victorian Public Service
- the Teaching Service, and
- participating agencies.

Your benefit

As a Revised Scheme member, you receive a defined benefit linked to your:

- length of recognised service
- Final Average Salary (FAS)
- age.

The defined benefit calculation also takes into account:

- periods of leave without pay
- part-time service, and
- any prior service recognised by the fund.

In the event of your death, the Revised Scheme will pay a benefit to surviving eligible dependants, including a partner, eligible children under age 18 (or 25 if full-time students) and disabled 'adult children' within the meaning of section 35A of the *State Superannuation Act 1988* (Victoria).

All Revised Scheme benefits are calculated using periods of service in completed years and days.

At the time of your payment your benefit is compared with the minimum benefit payable under the governing rules of the *Superannuation Guarantee (Administration) Act 1992* (Commonwealth), and you are paid the greater of the two benefits.

Benefit payment options

Members of the Revised Scheme have access to benefits when a trigger event occurs. Trigger events include:

- resignation
- age retirement
- retrenchment
- death
- disability
- becoming an exempt officer (if applicable), or terminating employment after becoming an exempt officer.

Superannuation salary

Your fortnightly contribution is based on your highest superannuation salary up to 1 May (superable salary), which includes:

- base salary
- higher duties (if received continuously for 12 months or more), and
- approved allowances.

Superable salary does not generally include:

- recreation leave allowance (leave loading)
- expense allowance
- travel allowance
- other payments of a temporary or unpredictable nature.

Special conditions apply for executives and contract officers.

For part time employees the superable salary is always the full-time equivalent value.

Higher duties

If you have been on continuous higher duties for at least 12 months prior to 1 May, then the higher salary will automatically apply to your superannuation. Your annual contribution adjustment at 1 July will be made using the higher salary and the entire higher salary period will be eligible to be included for FAS purposes.

If you have been on various higher duty classifications continuously for 12 months, the salary for the lowest paid higher duty assignment will count.

Approved allowances

ESSSuper has approved a number of allowances for superannuation purposes and your employer should be aware of any superable allowance relevant to you. Not all approved allowances are superable immediately.

Can your superable salary be reduced?

Your superable salary will generally not reduce. Special conditions apply for executives and contract officers (please refer to your payroll department). You may choose to reduce your superable salary classifications and the amount of personal contributions you pay:

- if you have lost an allowance that was previously used to increase your superable salary, or
- due to a salary reduction because of a change in your employment circumstances, or
- by electing that a higher duty allowance will not count when it becomes superable after 12 months.

What conditions apply when you reduce your superable salary?

- Your election is binding once it is lodged.
- From the date of the lodgement of the election your FAS is reduced for any future benefit calculation. This will impact your future benefit entitlements.
- Your contribution rate will be adjusted from the first available pay day after the election is lodged.
- There will be no refund of excess contributions made by you prior to the lodgement.

Your next steps…

Are you considering reducing your superable salary? Contact ESSSuper on 1300 655 476.

Unsure whether your allowance is superable?

Consult with your employer.

Is your employer unsure if any superable allowances are relevant to you?

Ask them to contact ESSSuper's Employer Assistance Line on 1300 768 776.

To reduce your superable salary

Complete an *Election to reduce superannuation salary form* available from **www.esssuper.com.au** and lodge with your pay office. Department of Education and Training (DE&T) employees should send the form directly to ESSSuper.

Earnings and fees

Crediting rate (earnings)

The governing rules of the Revised Scheme provide for earnings to be calculated on some benefits at 30 June each year. The earnings rate applied in calculating benefits is called the 'crediting rate'.

Crediting rate	=	Average of the investment returns for the previous three (3) years	−	Investment management and administration expenses

This means that in a year where investments perform well, the crediting rate may be less than the net investment return of the Scheme. However, in a year where the investments do not perform well, the crediting rate may be greater than the net return of the Scheme. The crediting rate applied will never be less than 0%.

Interim crediting rate

An interim crediting rate is used to calculate the cash component of your benefit on resignation if:

- you leave the Scheme before the final crediting rate is determined, and
- receive a benefit comprising a refund of contributions and earnings.

An interim crediting rate is also applied to lump sum benefits paid more than 14 days following the date employment terminated.

Interim crediting rate	=	Average of: 1. investment returns for the previous two years 2. estimated current financial year return	−	Investment management and administration expenses

Administration costs and investment management fees*

No fees apply for Revised Scheme members unless they receive a benefit that comprises a refund of contributions and earnings.

Administration costs and investment management fees are deducted prior to calculating the annual rate of earnings.

For details of the rates deducted from earnings before crediting to accounts, please refer to **www.esssuper.com.au**

* Please refer to the rates table on the website.

Communication

Throughout the year you will receive communications from ESSSuper on information that is relevant to you and your membership in the Revised Scheme.

Your Annual Benefit Statement

Your Annual Benefit Statement is sent to you via the post each year unless you have chosen to view it online. It provides you with up-to-date estimates of all your superannuation benefits, as at the previous 30 June.

You can also view your Annual Benefit Statement in the secure member's section of our website, **www.esssuper.com.au**

Annual Report

The Annual Report is available at **www.esssuper.com.au**. Hard copies can be requested. It contains a review of the previous financial year, all the latest news and financial details relevant to your superannuation fund.

Members Online

Many of our members have already signed into our secure member's site, Members Online where you are able to:

- obtain your benefit estimates
- submit forms
- change your address
- use the helpful calculators
- view and/or download your latest Annual Benefit Statement
- provide an email address for fast and efficient communication
- read the latest news about your super, stay up to date and informed.

Your next steps…

Make the most of your Revised Scheme membership by staying in touch and registering for online access.

Register for an online PIN

Register and/or sign in for instant access to your super balance and obtain estimates and quotes by visiting **www.esssuper.com.au**

View ESSSuper Annual Reports

The latest Annual Report is available to download via the forms section of **www.esssuper.com.au**

Recognition of continuous prior service

Your length/period of service is a key factor in determining your superannuation entitlements.

What is classified as prior service?

If you have continuous unbroken service with an employer that is eligible to participate, immediately before becoming a member of the Revised Scheme, you may be entitled to have it recognised by ESSSuper for inclusion in the calculation of your service.

Different processes apply for prior service, based on whether it was recognised and approved before or after 1 December 1993.

Prior service that will not be recognised

The following are examples of service that will not be recognised as prior service:

- service where you were, or were eligible to be, an officer or a member of a prescribed superannuation scheme
- casual or seasonal service
- limited tenure employment
- service with Victorian State Instrumentalities covered by other Government or former Government Superannuation Schemes
- service with the Commonwealth or another State Government
- apprenticeships, cadetships and studentships.

Application process – since 1 December 1993

For your prior service to be recognised, it must be:

- applied for
- approved, and
- paid for in full, before you stop working.

Step one – The application

Complete and submit the relevant ESSSuper forms.

You will then receive a response to your application, and if successful, a quote outlining the costs to recognise your prior service. A quote is only valid for 30 days. The quote will detail the monetary benefits (if applicable) of paying for the approved prior service and how much it will cost.

Step two – To proceed or not to proceed?

To proceed...

If you decide to proceed, you will need to pay the prior service costs and then any increase in your benefits will apply from the date of payment.

Your Annual Benefit Statement will indicate the date from which your benefits have been calculated.

Not to proceed...

If you decide not to proceed at this stage, there will be no changes to your benefit.

If after 30 days or further in the future you decide that you would like to pay for your prior service, you will need to reapply for a new quote of how your benefits will be affected and a new costing will be issued.

Additional quotes may be different if your salary has increased or if your contribution rate should increase due to your age.

The cost of prior service – since 1 December 1993

The current number of days recognised as additional service is multiplied by your current contribution rate and your current salary and dividing by the number if days in a year:

Cost	=	(Number of days recognised x salary x contribution rate %) / 365.25

Note number of days recognised is pro-rated part time.

Quote validity

Quotes for the cost of additional service are available from ESSSuper and are valid for one month from the date of receipt of the letter advising of the cost of the additional service. After that time, a new quote will be required. Quotes are based on your salary and contribution rate at the time the quote is prepared. There is no fee for this service.

The affect of Leave Without Pay (LWOP) and part-time work

The additional benefits and associated costs of your additional service will be reduced, if you have had leave without pay or worked on a part-time basis during the period of employment that is approved as recognised service.

Why do I have to pay?

ESSSuper is allowing you to pay to have past service recognised even though you had not contributed to the fund at the time.

And, even though there is no direct correlation between the cost of additional service and the resulting benefit, by paying for this past service, the period of additional service will be treated as 'recognised service' in the calculation of any benefit you ultimately receive.

These calculations are done in accordance with the relevant benefit formula in the Act which does not take contribution rates into account, whereas the cost of the additional service is based on your contribution rate at the time of payment.

Paying for prior service

Payment requirements vary according to what type of prior service you are applying for, and in particular, what period of service you are wishing to have recognised.

Note: your prior service payment will count as a non-concessional contribution.

Prior service approved since 1 December 1993

Paid in full

If you had your prior service recognised since 1 December 1993 and you have paid for it in full, your Annual Benefit Statement will indicate the date from which your benefits have been calculated.

Not paid in full

If you did not pay for your approved prior service within 30 days of receiving your approved quote, the prior service will not be included in any benefit calculation.

If you decide in the future that you would like to pay for your prior service you will need to contact ESSSuper for a new summary of how your benefits will be affected and a new costing will be issued.

If applicable, you may elect to pay to recognise only part of your prior service period.

Your next steps…

Start the application process for applying for recognition of prior service.

Eligibility

Login to Members Online to check your eligibility to apply.

Member Education Consultants

Make an appointment with a Member Education Consultant to discuss your options by calling 1300 655 476.

Recognition of prior service

Download the *Application for recognition of prior continuous service for superannuation purposes* form (S211) available via the forms section of **www.esssuper.com.au**

Prior service approved on or before 30 November 1993

Age retirement

If you had prior service recognised on or before 30 November 1993, the cost at age retirement will be shown on your Annual Benefit Statement.

The cost of your prior service must be paid immediately prior to your retirement, you can choose from two ways:

- Make a payment to ESSSuper, or
- Have the cost deducted from your benefit.

Other benefits

You may also have prior service used to calculate other benefits, such as fully deferred resignation, retrenchment, death and disability.

The cost of prior service in these cases will differ from that for age retirement and depends on the basis of your termination of employment. The cost may be substantial and must be paid prior to ceasing employment.

Contributions

Your Revised Scheme accepts both employer and member contributions and the amount that is required to be contributed is dependant on several factors.

Employer contributions

Your employer is required to contribute to your superannuation benefit. The amount your employer is required to contribute is a percentage based on your superable salary, which is determined on the advice of the Fund Actuary. It's important to remember that your benefit is determined based on your salary, service and personal contribution rate, not what your employer contributes.

For those Revised Scheme members who turn age 65 on or after 1 July 2010, contributory membership in the Revised Scheme continues until work ceases or until age 75 or as otherwise permitted by Commonwealth Superannuation Law (whichever occurs first).

From age 75, in accordance with Commonwealth superannuation law, if you have not exempted out of the Revised Scheme and are still working, your membership in the Revised Scheme may continue. However, you must stop contributing to the Revised Scheme.

If you wish to cease contributory membership of the fund yet keep working, you may wish to consider applying for exempt officer status as described on page 33.

Member contributions

As a member of the Revised Scheme you are required to make member contributions based on your age as at 1 May and calculated as a percentage of your superable salary.

Age based contribution rates		
Age last birthday	Before-tax salary sacrifice	After-tax rate
30-39	10%	8.5%
40-49	10.6%	9.0%
50+	11.2%	9.5%

A slightly higher rate applies if you elect to make contributions from before-tax salary (i.e. salary sacrifice) to cover the 15% contributions tax.

Member contributions are:

- based on your superable salary, applying on or before 1 May.
- adjusted annually, and
- adjusted (pro-rata) for periods of part-time service.

You can elect to pay your contributions from your before-tax (salary sacrifice) salary or your after-tax salary (and vice versa) at any time. If your election form to vary your contribution type is received in time to be processed by the 14th of the month, the new rate will take effect from the start of the next month. Otherwise, it will be the start of the following month.

Annual contribution salary adjustment

Your salary for contribution purposes is adjusted annually on the first pay day in July and based on your highest superable salary up to 1 May of that year. (Note – in respect of salary packaged employees (i.e. executives) contributions are adjusted as increases occur).

Any salary increase applicable after 1 May will not be reflected in your contributions until the following year.

Your contribution rate may also increase due to an increase in age that shifts you into the next contribution range. Your age as at 1 May each year will determine the percentage to be applied, and is effective from 1 July.

Calculate your contribution (full-time)

A 44 year-old on a salary of $45,325 per annum (as at 1 May) would have a fortnightly contribution of $156.38 as shown below:

$45,325 ÷ 26.0893* × 9% = **$156.38 per fortnight**

* Represents number of fortnights in a year (allowing for leap years).

Concessional contributions limits

Concessional contributions are notional taxable contributions related to your defined benefit and any employer (including salary sacrifice) contributions not related to your defined benefit.

Concessional contributions are taxed at 15%* which is generally less than tax paid on salary and wages.

* A higher rate of 30% will apply to concessional contributions for individuals with adjusted taxable income over $250,000.

Annual salary adjustment

There are annual limits per person as shown in the table below:

Concessional contribution cap*	Non-concessional contribution cap*
$25,000 p.a.	$100,000 p.a.

* The concessional contribution cap will increase in increments of $2,500 in line with Average Weekly Ordinary Times Earnings (AWOTE). The non-concessional contribution cap is indexed in line with the concessional contribution cap (four times the concessional contribution cap value). Please refer to our website at **www.esssuper.com.au**

Notional taxed contribution (NTC) explained

For defined benefit arrangements, the contributions counted for the purpose of the concessional contributions limits, are called 'notional taxed contributions'. These reflect employer contributions as well as any salary sacrifice contributions made to the defined benefit fund.

This is because employer contributions to defined benefit funds are not allocated specifically to individual member accounts, rather member benefits are funded from the defined benefit pool.

The Fund Actuary has determined a formula for calculating the amount that your employer contributes to your defined benefit (including salary sacrifice to the defined benefit). This amount is shown each year on your Annual Benefit Statement. You can also check your NTC amount by using the calculator on ESSSuper's website.

Calculating concessional contributions

A member's NTC is calculated at the end of each financial year, or at the time of their exit from the fund.

Notional Taxed Contributions (NTC) reflecting employer and salary sacrifice to the Revised Scheme	+	Employer contributions (including salary sacrifice to ESSSuper's Accumulation Plan)	+	Employer contributions (including salary sacrifice) to an accumulation plan or other superannuation fund.

A member may have zero NTC reported in certain circumstances where they have reached their Maximum Benefit.

'Grandfathering' arrangements

Currently there is an existing 'grandfathering' arrangement whereby, for eligible defined benefit members, their NTCs are limited to their concessional contributions cap. In other words, no excess contributions tax can arise on their defined benefit notional contributions.

Note: The Grandfathering cap amount will need to be added to any other concessional contributions made to an accumulation arrangement to determine if the relevant cap is exceeded and excess contributions tax applies.

Do you think you may exceed the caps?

If you think you may exceed the concessional contribution caps, check out our concessional contributions calculator by visiting **www.esssuper.com.au**

It is important to keep track of not only your NTCs into the Revised Scheme but all employer contributions (including salary sacrifice contributions) that are made to any other superannuation fund, for comparison against your relevant cap. Contributions in excess of these caps are not concessionally taxed and are taxed at your marginal tax rate (plus excess contribution charge). Any excess concessional contributions will regarded as non-concessional contributions and will count towards the non-concessional cap.

Non-Concessional Contribution Limits

Non-concessional (or after tax) contributions are also subject to a cap of $100,000* p.a. before additional tax applies. Any contributions made in excess of this cap will be subject to excess non-concessional contributions tax and taxed at the highest marginal tax rate. If you have a total super balance of $1.6 million* or more at 30 June of the previous financial year, your non-concessional cap is zero and all non-concessional contributions you make will be subject to excess non-concessional contributions tax and taxed at the highest marginal tax rate.

* Subject to indexation. This cap is for the 2017-2018 financial year and may change for future years. Please refer to our website at **www.esssuper.com.au**

Contributions for part-time service

If you are employed on a part-time basis, you must make contributions in accordance with the time fraction you work based on your full-time equivalent salary. You cannot contribute at the full-time rate.

Special conditions apply if your reduced time fraction is due to ill health. In this case, please call the ESSSuper Member Service Centre and ask to speak to one of the Disability Consultants.

Contributions while on leave

Contribution requirements vary dependant on what type of leave you are taking, and any conditions that may be applicable in accordance with your employment agreement.

Long service leave

Your normal fortnightly contributions are required to be paid if you take long service leave.

If you elect to take long service leave at half pay, it will not have any effect on the superannuation contributions that are due and the normal full-time superannuation contribution must still be paid.

Purchased leave

An example of purchased leave is a 48/52 agreement. This means that you will receive the equivalent of 48 weeks salary spread over 52 weeks. You can choose between 44 and 52 weeks salary spread over 52 weeks as a purchased leave agreement.

Therefore, during the course of the year you will receive an extra four weeks paid annual leave but will receive less annual income.

ESSSuper will generally treat purchased leave as a reduction of your time fraction for the period of the purchased leave agreement.

For example, if you and your employer agree to a period of 48/52 for a designated period and your normal hours of work are full time, your employer will advise ESSSuper your time fraction is 0.92308 (1.0 x 48/52) for the designated period and your contribution deduction amount is reduced pro-rata.

Discuss with your employer the purchased leave arrangements they currently have in place. You may also call ESSSuper to determine the impact on your benefit.

Note: a reduction in time fraction purchased leave approach is generally not applied to Education Support Officers who receive an *Education Support in Receipt of Leave Purchased Allowance*. This allowance reflects any additional leave required by the school in excess of four weeks and is superable.

Sabbatical leave

You may have a sabbatical leave entitlement as a condition of your employment. If this is the case, you should consult an ESSSuper Member Education Consultant, prior to entering into a sabbatical leave agreement, to establish how such leave affects your superannuation benefits at ESSSuper.

Secondment

You are regarded as being on secondment for superannuation purposes if you are granted Leave Without Pay (LWOP) to work elsewhere with the consent of your current employer and your new employer agrees to meet the employer obligations for your superannuation.

Secondment is generally a short-term arrangement and is treated differently from LWOP (refer page 15) as both the benefits and contribution payments are different.

Both your current employer and your new employer will be required to certify in writing to us that they have agreed to your secondment. Normal member and employer contributions must be paid throughout your period of secondment. Contributions are based on your superable salary for the position you held prior to your secondment.

Your next steps…

Make sure you are making the most of your contribution options.

ESSSuper Member Service Centre

Speak to a Superannuation Consultant by calling 1300 655 476.

Speak to your employer

If you have questions on changing working arrangements.

Employer queries

If your employer has questions they can contact ESSSuper's Employer Assistance Line on 1300 768 776.

Leave Without Pay

Your superannuation contribution options vary depending on the type of Leave Without Pay (LWOP) you take.

Ill health

If you are on sick leave without pay, your normal fortnightly contributions still need to be paid. Upon written application, ESSSuper may allow you to delay payment of your contributions until you return to work.

Less than four weeks

If you take LWOP (for any reason other than ill-health) for up to four weeks, you are required to pay contributions at the normal rate to maintain all of your benefit entitlements.

Four weeks or more

If you are on LWOP for four weeks or more, your normal fortnightly contributions are not required to be paid during this period (however you can elect to pay a premium to maintain your death and permanent disablement cover if you are under age 60).

More than six months

If you are on LWOP for more than six months and you elect to pay LWOP contributions, they must be made at least as six monthly instalments in advance, unless otherwise agreed by ESSSuper. Payment must be made before the previous payment expires.

Contribution options

You can choose from one of the three LWOP contribution options when you start LWOP:

The LWOP options at a glance	
Option 1	Make no LWOP contributions
Option 2	Make LWOP contributions to maintain your death and disability cover
Option 3	Contribute at four times your normal rate to maintain all of your benefit entitlements

If you do not provide the completed *Leave Without Pay Advice form (S202)* together with your payment to ESSSuper within one month from the date on which your LWOP commences, you will be treated as if you had chosen option 1, which means you will not be eligible to contribute.

Your election will be irrevocable and binding once it is lodged.

Option 1

Make no LWOP contributions

You are not required to make personal contributions to your superannuation while you are on LWOP.

Please note: If you choose option 1, the following applies:

- There will be no death or disability cover after the first four weeks.
- If you die or become disabled more than a month after LWOP commences, the only benefit payable will be your resignation benefit, calculated at the date of death or retirement.
- The period of LWOP will not count as recognised service for any benefit calculation.
- On returning to work your death and disablement entitlements will resume.
- If you return to work for at least 12 months from parental leave without pay before resigning, up to one year of the leave without pay period will count when calculating the deferred benefit component of your resignation benefit. The 12 month return to work condition applies for each period of LWOP granted during your service.

Option 2

Maintain death and disability cover

You may choose to maintain your death and disability cover while you are on LWOP.

Your LWOP contribution is calculated based on your age (in years and days) as at 1 May and your superable salary at the start of your unpaid leave period. No LWOP contributions are payable once you reach age 60.

Please note: If you choose option 2, the following applies:

- Your normal death and disability cover will be maintained based on your Final Average Salary (FAS) at the start of your unpaid leave.
- If you return to work and contribute to the fund for more than 12 months before resigning, your leave without pay contributions will also be refunded provided you elect to receive your own contributions plus earnings. That is, your contributions are not refundable if you elect to receive a full deferred pension.
- The period of leave will count as recognised service for the calculation of your deferred resignation benefit but will not count for any other benefit calculations.

Option 3

Four times your normal contribution

To maintain all of your benefit entitlements, you may choose to make contributions to your superannuation at four times your normal contribution rate while on LWOP.

If you choose this option, take note of the following:

- Your contribution amounts will be adjusted yearly based on your salary and age on 1 May of each year and the new rates will be payable from the first pay day in July.
- Normal death and disability cover will be maintained.
- The period of your LWOP will count as recognised service for all benefit calculations.
- On resignation, 6/7ths of your LWOP contributions are refundable, if you elect for a total refund of contributions and earnings. However, if you resume duty and contribute for more than 12 months you can choose to receive your own contributions plus earnings including a full refund of LWOP option 3 contributions. Your contributions are not refundable if you elect to receive a full deferred pension.

Paying LWOP Contributions

When commencing LWOP you should receive from ESSSuper a LWOP options letter with an enclosed *LWOP Election Advice form (S202)*. You will have 30 days to elect option 2 or option 3 by completing and returning the form and making your payment.

You can obtain a costing for your period of LWOP by calling the ESSSuper Member Service Centre on 1300 655 476. Two methods of payment are:

- pay by BPAY. Your LWOP options letter will show your BPAY reference number.
- pay by other means. Your payment is to be made payable to ESSSuper.

You will need to complete and return the *LWOP Election Advice form (S202)*, which must identify your payment details (means and date of payment and amount).

If paying six monthly instalments, you can use the same BPAY number for each payment. If paying your instalments by means other than BPAY, you will need to advise ESSSuper by email or letter of your payment (means and date of payment and amount).

Your next steps…

Find out more about your options, and take the necessary steps in maximising your super during your LWOP where eligible.

Check your options

Find our more about your options during your LWOP.

Leave Without Pay Advice

Download the form from **www.esssuper.com.au** once completed, return to ESSSuper.

ESSSuper Member Service Centre

Speak to a Superannuation Consultant by calling 1300 655 476.

Resignation benefit

The amount of resignation benefit you receive depends on when you resign.

Resigning before your minimum retirement age

Benefits payable on resignation depend on whether you resign before or after your minimum retirement age, which is normally age 55 (age 50 for eligible Prescribed Class Officers).

Resigning before your minimum retirement age entitles you to receive:

- an immediate refund of your contributions and earnings (some of which may be immediately available however there will always be a preserved component which you cannot access), and
- a deferred pension payable upon application after reaching your minimum retirement age, irrespective of whether you have permanently retired. (Note pensions not subject to preservation after age 55)

Note: if you delay your application until after your minimum retirement age, the benefit will commence from the date of acceptance of your application, (i.e. it cannot be backdated to your minimum retirement age). If you apply over the age of 60 it will be backdated to age 60. Members who draw a pension below their preservation age but after the minimum retirement age of 55 will be paid a pension equivalent to the untaxed amount, effectively compensating for the non-eligibility of the 15% tax offset. On reaching preservation age, the pension is reduced to its taxed level as the member is then eligible for the 15% tax offset. This does not apply if your preservation age is the minimum retirement age of 55.

The level of deferred benefit will depend on:

- your Final Average Salary (FAS)
- your age at resignation
- your recognised service at resignation
- your prospective service to age 60, and
- which of the available resignation benefit payment options you choose.

Your pension will be a lifetime pension, paid fortnightly and indexed in line with the Consumer Price Index (CPI) for all capital cities.

Taking the 54/11 resignation option

What is 54/11?

The 54/11 resignation option is simply a resignation benefit paid to a member who resigns immediately prior to their minimum retirement age of 55. Minimum retirement age is generally 55 years, except in the case of Prescribed Class Officers who have a minimum retirement age of 50 years.

Different benefit options are available to a member dependant upon whether their final date of service occurs before, on or after their minimum retirement age.

Resigning before age 55 allows a member to receive a refund of their contributions and accrued earnings plus a pension available from the age of 55. The benefit from a "54/11" resignation comes from potentially receiving a larger lump sum through the refund of contributions and earnings than could be obtained by commuting part of the pension after reaching 55 under an age retirement benefit.

Example:

By resigning as close to (but before) your 55th birthday (for instance at 54 years and 11 months – "54/11"), you can maximise your service and FAS, but still access a resignation benefit.

Always seek advice before making any decisions

"54/11" is not necessarily the best option for all members of the Revised Scheme and we encourage members to have an interview with one of our Member Education Consultants and/or seek financial advice from an ESSSuper adviser. ESSSuper has an arrangement with Adviser Network Pty Ltd, AFSL 232729, to provide financial product advice to ESSSuper members.

Resigning after your minimum retirement age

If you resign after your minimum retirement age, you will be entitled to the age retirement benefit.

Payment options

The following options are available for a resignation benefit:

Option 1
Full refund with deferred pension
With this option, you receive all your accumulated contributions and earnings, but a lower level of deferred pension than options 2 and 3 offer.

Option 2
Part refund/higher deferred part pension
This option is only available to you if you are under age 50. It provides you with a refund of your recent contributions and earnings, plus a deferred pension which will be higher than that available in option 1 but lower than the total deferred pension available in option 3. The amount of your recent contributions refunded is based on your age at the date of resignation.

Option 3
Total deferred pension
This option provides you with a higher deferred pension than is offered in options 1 or 2, payable upon application from your minimum retirement age, but no refund of contributions and earnings.

Present-day value lump sum

This option allows you to convert your deferred pension into an immediate present-day value lump sum before your minimum retirement age. If you choose to do this:

- you receive a lump sum based on your age at the date you elect for the lump sum,
- the lump sum must be rolled over to another complying superannuation fund. ESSSuper's Accumulation Plan can also accept lump sum rollovers.
- no further benefits will be payable to either yourself or your eligible partner. You may elect to convert your deferred pension into an immediate present day value lump sum at any time prior to minimum retirement age.

Note: Under age 55, the present day value lump sum is discounted by 4% per annum compounded for each year under age 55.

Portability

You may be eligible for a deferred 'portability' pension when you resign from your statutory superannuation scheme employer and commence employment:

- where you will become a member of another 'statutory superannuation scheme'
- with a public authority, as declared by the Treasurer, or
- with an employer that has been declared by an Order of the Governor-in-Council to be an approved employer.

Payment of benefits

Exactly how your benefit is paid to you is dependent on the circumstances in which you applied for your resignation benefit.

At the date of resignation

Payments of accumulated contributions plus earnings

Contributions plus earnings can be paid as:

- an immediate cash lump sum which may consist of part or all of the contributions plus earnings that had accrued up to 30 June 1999, and
- a preserved lump sum component consisting of the contributions plus earnings, accrued after 30 June 1999. This component can only be rolled over to a complying superannuation fund. ESSSuper's Accumulation Plan can accept transfers from other funds, or
- a rollover of both of the above.

Payments of the present day value lump sum

If you elect to convert your deferred pension to a present-day value lump sum this can only be paid as a rollover to a complying superannuation fund. ESSSuper's Accumulation Plan also accepts lump sum rollovers.

It is important to note that a discount factor of 4% per year for the period between your claim date and your minimum retirement age will be applied to convert your deferred benefit to a present day value lump sum.

Under other circumstances

Your deferred pension may also become payable if you:

- successfully apply to receive it on the grounds of disability
- successfully apply for early release of part of the benefit on the basis of financial hardship* or on compassionate grounds
- become terminally ill
- attain age 60, or
- die.

* If you are applying for release due to financial hardship and you are under age 55, you must provide written proof from Centrelink confirming that you have been receiving a benefit from them for at least six months. Compassionate grounds will be assessed by ESSSuper in accordance with criteria set out in the Commonwealth SIS legislation.

From your minimum retirement age

Payment of your deferred pension

To receive your deferred pension, you will need to apply for it after reaching your minimum retirement age. It will be payable after reaching your minimum retirement age even if you have not yet retired from the workforce.

Your payment will be a lifetime pension, paid fortnightly and indexed in line with the CPI for all capital cities.

Note: If you do not apply for your deferred pension at age 55, it cannot be backdated. It is paid from age 60 or the date of application, whichever occurs first.

Convert your deferred pension to a lump sum.

Upon reaching your minimum retirement age you can elect to convert part or all of your pension into a lump sum. This election must be made within three months either side of the date your pension entitlement commences.

If you do not exercise your option to convert part or all of your pension to a lump sum within three months either side of the date your pension entitlement commences, you will have another opportunity to apply for a lump sum during the three months prior to your 65th birthday. This lump sum conversion becomes effective when you turn 65.

Payment of deferred benefits

From your minimum retirement age

How much of your deferred pension can you convert to a lump sum?

If you resign and choose option 1, that is a full refund of your contributions and earnings, you can convert:

- up to 30% of your fortnightly pension to a lump sum however if you resigned prior to 1 April 1991, you can convert up to 50%, or
- 100% of your fortnightly pension to a lump sum.

If you resign and choose option 2 or 3, you can convert:

- up to 50% of your fortnightly pension to a lump sum, or
- 100% of your fortnightly pension to a lump sum.

How your choice of lump sum option effects your partner

The lump sum option that you choose will have an effect on your partner's reversionary entitlements in the event of your death.

If you choose to make a partial conversion of your pension to a lump sum, there are two possible outcomes for the payment of the partner pension if it ever becomes payable to your eligible partner (i.e. if you die before your eligible partner).

Under option A:

If you elect to convert a portion of your pension to a lump sum, your eligible partner will be entitled to 2/3rds of your original indexed pension that you would have received if you had not elected a lump sum. The lump sum would be less than under option B.

Under option B:

You can elect to convert the same percentage of your pension to a higher lump sum, in this case your eligible partner will only be entitled to 2/3rds of the pension payable at the date of your death.

Example of deferred pension options

	Lump sum	Member pension	Spouse pension
Option A	$67,268	$530 per fortnight	$495 per fortnight*
Option B	$78,867	$530 per fortnight	$353 per fortnight*

Based on a deferred pension of $743 per fortnight at age 55 and the member elects to convert 30% to a lump sum.

Your next steps…

Resigned from your job? Take the next step in applying for your resignation benefit.

Log in to Members Online

Produce your own benefit estimate online at **www.esssuper.com.au**

ESSSuper Member Service Centre

Call our Member Service Centre on 1300 655 476 who can also prepare an estimate and offer more information about your benefit.

Consolidate your super first

Make sure all your super is in one place before applying for any benefit – download the *Transfer Authority form* at **www.esssuper.com.au**

You should check any relevant exit fees you may incur, or any insurance arrangements that may be forfeited, or any other effects this transfer may have on your benefits, before rolling your money into our fund.

Age retirement benefit

If you retire or resign after your minimum retirement age, you are entitled to the age retirement benefit. Certain Prescribed Class Officers may retire from age 50.

Retiring or resigning after your minimum retirement age

This benefit provides you with a lifetime pension, paid fortnightly and indexed in line with increases in the CPI (for all capital cities). This lifetime pension is payable from the minimum retirement age (generally age 55).

The level of fortnightly retirement pension you receive will depend on:

- your Final Average Salary (FAS)
- your age
- your recognised service, and
- whether you choose one of the lump sum options.

Note: Members who draw a pension below their preservation age but after the minimum retirement age of 55 will be paid a pension equivalent to the untaxed amount, effectively compensating for the non-eligibility of the 15% tax offset. On reaching preservation age, the pension is reduced to its taxed level as the member is then eligible for the 15% tax offset. This does not apply if your preservation age is the minimum retirement age of 55.

Benefits available to you upon retirement

Generally, all of your benefits will be available to you upon retirement. Pensions are fully available from minimum retirement age (generally age 55 with the exception of Prescribed Class Officers). However, if you have not satisfied the conditions of release for the preserved lump sum portion of your benefit when you become eligible to receive your benefit, it will be held in a notional account earning interest at the fund's crediting rate until we are able to pay it to you when a condition of release for preserved benefits is satisfied.

The preserved lump sum can either remain with ESSSuper or be rolled over to a complying superannuation fund. ESSSuper's Accumulation Plan also accepts lump sum rollovers. If preservation age is greater than the minimum retirement age (generally age 55 with the exception of Prescribed Class Officers) then the lifetime pension is paid as an untaxed pension from the member's minimum retirement age to preservation age. Thereafter the pension is paid as a taxed pension.

Preservation ages (lump sum)	
Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60

Are you over 65 years of age?

If you turned age 65 prior to 1 July 2010, service after you reach age 65 is not taken into account when determining your age retirement benefit. However, any salary increase will be reflected in your FAS. Your employer will make Superannuation Guarantee (SG) contributions at the set SG rate to an accumulation fund.

Further, any benefit you have accrued in the Accumulation Plan (including personal and employer SG contributions), can be paid as a component of your final benefit.

Members turning age 65 on or after 1 July 2010 will remain in the scheme until they are 75 or as otherwise permitted by Commonwealth Superannuation Law. If you no longer wish to remain in the scheme after age 65 you have the option of electing to become an exempt officer, refer to page 34.

Lump sum conversion options

Lump sum options

You can elect to have part of your entire age retirement benefit pension paid out as a lump sum. When you retire or resign after your minimum retirement age, you can:

- convert up to 50% of your fortnightly pension to a lump sum, or
- convert 100% of your fortnightly pension to a lump sum.

This election must be made within three months before or after the date of your retirement.

How your choice of lump sum option effects your partner

The lump sum option that you choose will have an effect on your partner's reversionary entitlements in the event of your death.

If you choose to make a partial conversion of your pension to a lump sum, there are two possible outcomes for the payment of your partner's pension if it ever becomes payable to your eligible partner (i.e. if you die before your eligible partner).

Under option A:

If you elect to convert a portion of your pension to a lump sum, your eligible partner will be entitled to 2/3rds of your original indexed pension that you would have received if you had not elected a lump sum. The lump sum would be less than under option B.

Under option B:

- You can elect to convert the same percentage of your pension to a higher lump sum, in which case your eligible partner will be entitled to 2/3rds of the pension payable at the date of your death.
- If you convert 100% of your pension to a lump sum, you will also convert 100% of any future spouse pension.
- If you do not exercise your option to convert part or all of your pension to a lump sum within three months either side of the date of your retirement, you will have another opportunity to apply for a lump sum during the three months prior to your 65th birthday. This lump sum conversions would then become effective when you turn 65.

Example of pension options

Based on a pension of $1,193 per fortnight at age 57 and the member elects to convert 50% to a lump sum.

	Lump sum	Member pension	Spouse pension
Option A	$174,789	$615 per fortnight	$795 per fortnight*
Option B	$206,001	$615 per fortnight	$410 per fortnight*

The calculation includes an adjustment for the 'taxed' status of the benefit.

* If you elect to convert your entire pension, no further benefits will be payable to either yourself or your eligible partner.

What happens to your pension when you die?

In the event of your death, a benefit is payable to your eligible dependants, subject to special conditions. If you die without eligible dependants after commencing your pension, your estate may be entitled to a benefit.

Your next steps…

Considering retirement? Make sure you get the right advice before you submit your application.

Be prepared

Did you know you can stay with ESSSuper for life? Visit the 'Funds for everyone' section on our website **www.esssuper.com.au** to find out how.

Speak to the experts

Make an appointment with a Member Education Consultant or a financial planner before making any decisions by calling 1300 655 476.

Not sure what to do?

Call our Member Service Centre on 1300 655 476.

Retrenchment benefit

You've been retrenched, what now?

A retrenchment benefit will only be paid upon receipt of written certification from your employer stating that you have been retrenched. This written certification must be signed by the Chief Executive Officer, General Manager, HR Manager or equivalent.

The payment of the superannuation retrenchment benefit is separate to any severance payment made by your employer as part of the conditions of your employment.

After your minimum retirement age

If you are retrenched after your minimum retirement age, your benefit will be the same as the age retirement benefit.

Before your minimum retirement age

If you are retrenched before your minimum retirement age, you have two options to choose from:

Benefit option 1

Lump sum payment

A lump sum retrenchment payment will be made in two parts:

- an immediate cash lump sum payment, and
- a preserved lump sum component that must be rolled over to another complying superannuation fund. ESSSuper's Accumulation Plan can accept transfers from other funds.

There are no further benefits payable after a retrenchment benefit has been paid.

Benefit option 2

Total deferred pension

You will be entitled to a total deferred pension after reaching your minimum retirement age, irrespective of whether you have permanently retired.

If you delay your application until after your minimum retirement age, your pension will commence from the date of acceptance of your application, (i.e. it cannot be backdated to your minimum retirement age). If you apply over the age of 60 it will be backdated to age 60. Members who draw a pension below their preservation age but after the minimum retirement age of 55 will be paid a pension equivalent to the untaxed amount, effectively compensating for the non-eligibility of the 15% tax offset. On reaching preservation age, the pension is reduced to its taxed level as the member is then eligible for the 15% tax offset. This does not apply if your preservation age is the minimum retirement age of 55.

Note: A 54/11 option is not available if you are retrenched.

Converting your pension to a lump sum

Remember, your benefit is unique.

The life time pension provided by ESSSuper's Revised Scheme provides you (and your eligible spouse if you die) with a guaranteed income for life. If you elect to convert it to a lump sum it cannot be reinstated, and very few alternatives offer the level of certainty and security that a Revised Scheme pension does.

Please seek financial advice before making any decision.

Upon reaching your minimum retirement age, you can elect to convert part or all of your pension into a lump sum. The election must be made within three months either side of the date your pension entitlement commences. You can:

- convert up to 50% of your fortnightly pension to a lump sum, or
- convert 100% of your fortnightly pension to a lump sum.

The lump sum option that you choose will have an effect on your partner in the event of your death.

Note: If you do not exercise your option to convert part or all of your pension to a lump sum within three months either side of the date of your pension entitlement commences, you will have another opportunity to apply for a lump sum during the three months prior to your 65th birthday. This lump sum conversion becomes effective when you turn 65.

Payment in the event of death

If you have eligible dependants

In the event of your death, (after retrenchment and prior to your minimum retirement age) a benefit is payable to your eligible dependants. The benefit is based on your deferred pension payable at age 60.

If you have no eligible dependants

A refund of your contributions and earnings (if you did not receive them when you ceased employment), and any amount required under the Superannuation Guarantee legislation, is payable to your Estate.

Other factors

Your level of pension will depend on your:

- Final Average Salary (FAS)
- Age at retrenchment, and
- Recognised service upon retrenchment.

Your pension will be a lifetime pension, paid fortnightly and indexed in line with CPI for all capital cities.

Your deferred pension may also be payable if you:

- successfully apply to receive it on the grounds of disability, or
- successfully apply for early release of part of the benefit on the basis of financial hardship or on compassionate grounds, or
- become terminally ill, or
- attain age 60, or
- die.

Further details

Further details of your retrenchment benefit is available by calling the Member Service Centre.

If you are retrenched and choose a total deferred pension prior to your minimum retirement age, you will receive an Annual Benefit Statement which shows your deferred pension payable at your minimum retirement age and the present day value of the deferred pension converted to a lump sum.

Your next steps…

Was your retrenchment voluntary or forced? This could impact your benefit options.

Unsure of your benefit options?

Please contact your payroll office or employer who will be able to confirm.

ESSSuper Member Service Centre

Speak to a superannuation consultant by calling 1300 655 476.

Get some advice

Make an appointment with a Member Education Consultant or financial planner by calling 1300 655 476.

Disability benefit

Medical classifications

In the past, all disability benefits had been determined by your medical classification. Medical classifications may apply to both death and disability benefits.

From 1 July 2010, medical classifications are no longer applicable for new claims. For existing claims prior to this date the medical classification is still applicable.

What is a disability benefit?

Disability means the member's permanent inability, prior to age 60, due to a continuing or recurring injury, disease or infirmity to perform his/her duties and to perform other duties for which he/she is suited by education, training or experience or for which the member would be suited as a result of retraining.

Are you over 60 years of age?

You cannot apply for a disability benefit; your normal age retirement benefit applies.

Considering a disability benefit?

Before you apply for disability retirement:

- discuss alternative employment arrangements with your employer
- if you have reached your minimum retirement age, consider whether you should retire and claim your age retirement benefit instead of applying for disability retirement (or if you are under your minimum retirement age, your resignation benefit)
- contact us or download a copy of our, *Claiming a disability benefit brochure* from our website **www.esssuper.com.au**

Note Prescribed Class Officers cannot disability retire after age 55.

Like more info?

The *Claiming a disability benefit brochure* sets out:

- the procedures that must be followed by both you and your employer
- the conditions that will apply in respect of future reviews
- the outcomes if you are found fit to return to work after being placed on a disability pension.

This brochure is available for download from **www.esssuper.com.au**

Types of disability benefits

There are two types of disability benefits offered through the Revised Scheme; permanent pension for disability, or temporary pension for disability.

Temporary pension for disability

A temporary disability pension may be payable in some cases where a member has applied for a disability retirement pension, but where it appears that he or she may substantially recover from the illness or injury. A temporary pension for disability may be payable for up to two years, with reviews at least every six months. If this is the case your employment is not terminated and you remain an active member of the Scheme.

The temporary pension is paid fortnightly and is calculated in the same manner as a permanent disability retirement pension except you are not entitled to claim the 15% tax offset against the pension, and therefore there is no pension reduction applied in respect of tax status.

Disability pension (permanent) under retirement age

Your disability pension is payable for life, unless you are found fit for duty at one of the periodical reviews conducted by ESSSuper or if you are engaging in gainful employment, in which case your pension may be reduced or suspended. If you retire on the grounds of disability and it is due to your own fault, your benefit will be reduced.

The disability retirement pension is eligible for a special 15% tax offset and is increased twice a year with positive movements in the Consumer Price Index (CPI).

Your pension is calculated using your:

- service to the date of disablement,
- prospective service to age 60 (which may be adjusted for periods of part-time service),
- Final Average Salary (FAS) at the time of your disability retirement, and
- medical classification (if relevant).

Part-time service

If you are employed on a part-time basis prior to retiring on the grounds of disability, prospective service to age 60 is calculated by using the average time fraction of your service over the last three years to determine your full-time equivalent.

If you have reduced your hours from full-time to part-time due to a medical condition, we may recognise this service as full-time for benefit purposes. If this is the case please contact us on 1300 655 476.

Disability lump sum

Initial assessment

A lump sum payment in lieu of the pension may be approved in some circumstances at the discretion of the Board at the initial assessment date. If approved the lump sum is equal to approximately five times the annual rate of pension and there will be no further entitlement to benefits from the Scheme.

Current disability pension recipients

If you are already receiving a permanent pension for disability you can apply to ESSSuper for a total lump sum payment in lieu of your disability pension which is subject to Board approval. If approved the lump sum is equal to five times the annual rate of pension and there will be no further entitlement to benefits from the Scheme. Specific documentation will be requested if you apply for a pension conversion.

Note: Members who draw a pension below their preservation age but after the minimum retirement age of 55 will be paid a pension equivalent to the untaxed amount, effectively compensating for the non-eligibility of the 15% tax offset. On reaching preservation age the pension is reduced to its taxed level as the member is then eligible for the 15% tax offset. This does not apply if your preservation age is the minimum retirement age of 55. A Disability pension is paid between minimum retirement age and preservation age.

Terminal medical condition

The Commonwealth Government introduced regulations which allow members who are suffering a terminal medical condition to apply for their superannuation as a tax-free lump sum. Under the law, a terminal medical condition exists if two medical practitioners (one of whom is a relevant specialist) have certified that the person has an illness or injury with a life expectancy of 24 months or less.

The application process

You can expect your claim for disability benefits to be finalised within 40 working days subject to medical reports being obtained.

After the application

When we have received the required forms and supporting documentation, including an employer report and the medical report from your treating doctor or specialist, you will be asked to attend at least two independent medical examinations with Board approved doctors.

After receiving the reports from these examinations, we will assess your application.

You will be eligible to retire on the grounds of disability if it is determined that you:

- cannot perform your current duties; and
- cannot perform any other duties for which you are suited by education, training or experience or for which you would be suited as a result of retraining.

If you cannot perform your current duties but you are able to perform alternative duties or re-train, you would not satisfy the definition of disability and your application will not be accepted. We will advise you and your employer in writing of our decision.

Working while receiving a disability benefit

As a disability pensioner, you are encouraged to seek outside employment within your capability. You must inform us of any employment and the income received as soon as possible after you have accepted the position offered.

If you are gainfully employed this may impact on the benefit paid. We may therefore seek information to determine whether you are gainfully employed, e.g. taxation returns and payslips, to substantiate your income. Investment earnings from property and shares are generally not considered as income from gainful employment.

After the review we may:

- continue the pension at the same rate
- reduce the pension
- increase a reduced pension, or
- suspend the pension.

If you earn an income from gainful employment a review will be conducted every 12 months to ascertain whether your income level affects the rate of your disability pension. Gainful employment reviews cease at age 60, and if your pension has been reduced, it will be restored to the full rate even if you continue working.

Retrospective disability

From 1 July 2014, a former member who ceases employment prior to age 60 on or after 1 July 2014, may at any time within six years from termination of employment, make an application for payment of a benefit on the grounds they were suffering a disability at the time they ceased employment. If you haven't worked since you ceased employment and believe you met the definition of disability at the time you finished working, you may want to consider submitting a retrospective disability application.

Members who cease employment prior to1 July 2014 have an unrestricted ability to claim for disability retrospectively (i.e. no time restrictions apply).

In the event that a retrospective disability claim is successful, the disability benefit will be adjusted for any previous benefits provided by ESSSuper.

Your next steps…

Are you eligible? Commence the application process described on page 27.

Before you apply

Discuss alternative employment arrangements with your employer.

Commence the application process

Call our Member Service Centre on 1300 655 476 who will send you the necessary forms.

Claiming a disability brochure

A brochure titled '*Claiming a disability benefit*' which sets out all your options is available for download at **www.esssuper.com.au**

Death benefit

Medical classifications

From 1 July 2010, all medical classifications have been repealed and are no longer relevant to your benefit. Except in the case where the death occurred prior to 1 July 2010.

Death benefit entitlements

Death benefit entitlements vary depending on who the recipient is/will be in the event of your death.

Death of a member in service

Under the rules governing the Revised Scheme, a death benefit in the form of a fortnightly pension entitlement is payable to the eligible partner*. A child's pension may also be payable to any eligible children and in some circumstances to adult disabled children (see page 30).

If there is no eligible partner or child, then the minimum benefit payable under the rules of the Revised Scheme is paid to the Estate.

Single with no eligible dependants

If you are single and die while in service, before retirement, without leaving any eligible dependants:

Death benefit (payable to your Estate)	=	Refund of your total contributions and interest	+	If applicable, a minimum benefit top-up consisting of Superannuation Guarantee (employer component)

Married or in a domestic relationship

Your eligible partner will generally be entitled to a lifetime pension based on your age 60 retirement pension or your current age retirement pension if you are aged over 60 at the time of death. Generally the partner pension will be approximately two thirds of your pension.

Your eligible partner's lump sum options will depend on whether he/she is under or over age 60 at the date of death.

Employed part-time

If you are employed on a part-time basis at the date of your death, prospective service to age 60 is calculated by using the average of your service over the last three years to determine your full-time equivalent.

Accordingly, if you have been employed on a part-time basis in the three years prior to your death, your eligible partner's benefit may be reduced.

If you have reduced your hours from full-time to part-time due to a medical condition, we may recognise this service as full-time for benefit purposes. If this is the case please contact us on 1300 655 476.

Eligible partners under age 60

If your eligible partner is under the age of 60 at the date of your death, they may choose, within 12 months of the date of death, to convert the total partner pension into a lump sum benefit equal to approximately seven years of pension payments.

In this case, the eligible partner will have no further entitlement to a benefit or pension from ESSSuper. The lump sum conversion will not have an effect on any associated children's pension.

If the lump sum is not elected, the indexed pension will continue and, at age 60, a further opportunity to convert to a lump sum will be available as described below.

Eligible partners aged 60 or more

A lump sum is available to an eligible partner:

- who is receiving a partner pension and reaches age 60, or
- where the original member dies and the partner is more than age 60.

An eligible partner can:

- convert up to 50% of the pension to a lump sum, or
- convert 100% of the pension to a lump sum.

The election must take place within 12 months of the eligible partner's 60th birthday or the date of death of the Revised Scheme member.

Children's pensions

The Revised Scheme offers pensions to eligible children who are under age 18 or between ages 18 and 25 if eligible full-time students, at the time of your death. If you die on or after 1 July 2010 and you have a dependent disabled 'adult child' (in accordance with s35A of the *State Superannuation Act 1988*) they may be eligible for a pension.

If you die in service or prior to payment of your deferred benefit, a pension will be paid to your eligible children who are under age 18, or between ages 18 and 25 if eligible full-time students.

Children born up to 10 months after your death and, if you are a deferred member, up to 10 months after the date of your deferment, may also be eligible to receive the pension.

Children's pensions are:

- paid fortnightly
- not income tested by ESSSuper
- increased in line with any increase in the Consumer Price Index (CP) for all capital cities, and
- non commutable.

Dependent disabled adult children

A pension may be available in some circumstances to an adult child (i.e. who is over 18 years of age and not a full-time student). The term 'adult child' in s35A of the *State Superannuation Act 1988* (Victoria) refers to adult children who have a disability as described in the *Disability Services Act 1986* (Commonwealth), and wholly or partially rely on the member for financial support. Children who satisfy the definition of 'adult child' do not automatically come within the definition of 'dependant'; however the names of these adult children can be registered with the Board, who must consider them when determining who a member's dependants are. In determining whether a registered person or claimant is an adult child, the Board must consider reports from at least 2 registered medical practitioners appointed by the Board; and any decision made may be subject to regular reviews.

How much pension is payable?

Children's pensions are based on your age 60 pension or your pension at the date of death if you are over age 60.

How much pension is paid depends on:

- the number of eligible children the member has, and
- whether or not the member is survived by an eligible partner.

The following tables indicate the way in which a benefit is paid to eligible children in the event of your death:

If survived by an eligible partner

A child pension is paid at the rate shown below or the rate of $312 p.a. ($12 per fortnight), whichever is greater.

Number of eligible children	% of age 60 pension payable
1	11.11%
2	11.11% each
3 or more	33.33% divided equally

If not survived by an eligible partner

A child pension is paid at the rate shown below or the rate of $624 p.a. ($24 per fortnight), whichever is greater.

Number of eligible children	% of age 60 pension payable
1	45%
2	40% each
3 or more	100% divided equally

If a member dies while receiving a pension, their children's pension payable will depend on:

- the member's pension at the date of his/her death, and
- any applicable lump-sum option at retirement.

Children aged between 18 and 25 who are full-time students

For every full-time student of a deceased member of the Revised Scheme aged 18 to 25, a separate Declaration of Eligibility for a Full Time Student Pension and TFN Declaration must be completed. These forms must then be completed annually.

The full-time student pension will cease at age 25 or before, if the child ceases to be a full-time student or fails to produce the annual declaration required.

Your next steps…

If you are a full-time student, submit your declaration annually to ensure you continue to receive the pension.

Complete your declaration

By downloading the *Declaration of Eligibility for a full-time student pension* available from **www.esssuper.com.au**

Provide your TFN

When submitting your declaration, remember to also complete the *TFN Declaration* also available from **www.esssuper.com.au**

Frequently asked questions

We hope the following questions and answers will help you understand your entitlements and those of your beneficiaries in the event of your death.

Q: Is tax payable on a lump-sum death benefit?

No. However a partner electing to commute their partner pension must do so within six months of the date of death or within three months of the Grant of Probate, whichever is later, for it to be paid as a tax-free benefit.

Lump sums as the result of any commutation of a partner pension paid after six months of the date of death or after three months of the Grant of Probate will be taxed like any other lump sum payment from a superannuation fund.

Q: What are your child/children's entitlements?

Refer to the children's pension section for details of the benefit entitlements.

Q: What if you are married but separated?

Your spouse will still be an eligible partner and, as such, entitled to a benefit irrespective of whether you may have entered into a property settlement.

Q: What if you have more than one partner?

If more than one person qualifies for the partner benefit, ESSSuper will determine how much and to whom a benefit is payable.

It is possible for a pensioner to place a statement on file, indicating a preference as to whom the partner pension should be paid. In that case ESSSuper must act in accordance with that statement.

Q: What if your partner remarries after your death?

Remarriage after your death does not affect the benefit entitlements of your eligible partner.

Q: What if you marry, remarry or commence a domestic relationship after you retire?

If you marry, remarry or start a new domestic relationship after you retire and are receiving a pension, a partner pension will only be payable in the event of your death if:

- you were receiving a disability pension at the time you got married or became domestic partners; or
- you had been married or domestic partners for at least two years before the date of death.

Q: What other conditions might affect the benefit payable if you marry, remarry or commence a domestic relationship after you retire?

A partner is not entitled to receive a pension as a former contributor and a pension as a partner, but is entitled to receive whichever is the greater. This should not be confused with the situation where two former contributors married before retirement. In that case both pensions are payable.

Exempt officers and other benefits

Some members become entitled to deferred benefits without terminating their employment. These include:

- Exempt officers, and
- members of approved superannuation schemes.

Who are exempt officers?

Exempt officers are members who cease active membership of the Scheme without having to terminate their employment with their current employer.

Are you eligible to become an exempt officer?

You may become an exempt officer if you are:

- an 'executive' within the meaning of section 4(1) of the *Public Administration Act 2004* (Victoria), or
- a 'contract officer' (this includes all non-executives whose employment is covered by an individual employment agreement or by an enterprise bargaining agreement and those who are members of the Principal Class within the meaning of the *Education and Training Reform Act 2006* (Victoria)), or
- an officer, or class of officer, declared by instrument in writing by the Minister for Finance as being eligible to be exempted from continued membership, or
- aged 65 or over.

Superannuation benefits are not subject to preservation restrictions after a member turns 65. An exempt officer even if still employed by the employer that granted the exempt status, may therefore apply to take their full benefit from age 65.

How do you become an exempt officer?

The formal requirements vary. Please contact ESSSuper on 1300 655 476 for more details.

Benefits payable

If you're an exempt officer you are entitled to a deferred pension based on:

- your age at the date you became an exempt officer
- your recognised service, and
- your Final Average Salary (FAS) at the date of taking up exempt status.

The deferred pension is payable:

- at age 65, or
- on application from minimum retirement age (generally age 55) after you have terminated employment with the employer under which you became an exempt officer.

Exempt officer deferred payments have the same options as those outlined under age retirement benefit.

Present day value lump sum

The governing rules allow an exempt officer to elect to convert the deferred benefit to a present day value lump sum at any time after deferment. If you choose to do this:

- you receive a lump sum, based on your age at the date you elect for the lump sum,
- the lump sum must be rolled over to another complying superannuation fund such as ESSSuper's Accumulation Plan, and
- no further benefits will be payable to either yourself or your eligible partner.

Prior to age 65 some of the benefit will be restricted and not accessible if you have not ceased employment.

Under age 55, a discount factor of 4% per annum compounded applies for each year under age 55.

What if I resign prior or become retrenched?

As an exempt officer, if you resign before your minimum retirement age, you are not entitled to a Resignation Benefit, i.e. no refund of contributions and earnings.

Similarly, if you are retrenched before your minimum retirement age but after becoming an exempt officer, you are not entitled to a Retrenchment Benefit. The only benefit to which you will be entitled is a deferred benefit, payable as stated previously.

If you are over your minimum retirement age, no discount factor applies in determining the present day value lump sum.

Approved superannuation scheme members

On the recommendation of the Minister, the Governor-in-Council may declare a superannuation scheme to be an approved superannuation scheme.

If you become eligible to be a member of an approved superannuation scheme, you may elect to cease contributions to the Revised Scheme, within three months of your eligibility date.

Who are Prescribed Class Officers?

Job title	Eligible retirement age	Minimum service years
Custodial/Prison Officers	Between 50 & 55	5 years
Youth and Adolescent Care Officers (in a specified classification)	Between 50 & 55	5 years
Prescribed Firefighters	Between 50 & 55	10 years

Shift allowances

If you are a custodial officer you are also entitled to have an additional allowance of 15% for shift work added to your superable salary. If you are not a custodial officer, shift allowance will form part of the superable salary if it has been approved by the Board. However, it will not be included in your salary for some benefit calculations if you have performed shift work for not less than three years immediately prior to the date at which the benefit becomes payable.

If an approved officer (other than a custodial officer) does not complete three years of shift work immediately prior to the date the benefit becomes payable, the 15% shift loading will not be recognised for superable salary purposes and any additional contributions paid, will be refunded with interest.

Your next steps…

Find out if you are eligible to become an exempt officer, and if it's the right choice for you.

ESSSuper Member Service Centre

Speak to a superannuation consultant by calling 1300 655 476.

Make an appointment

With a Member Education Consultant who can discuss your options in more detail by calling 1300 655 476.

Get a benefit quote online

Log in to our secure area on **www.esssuper.com.au** to obtain a benefit quote.

Taxation

Providing your Tax File Number (TFN)

The provision of your TFN for superannuation benefits is governed by the Australian Tax Office (ATO) and can have an effect on your benefit.

It is not an offence if you choose not to quote your TFN, but if you choose not to do so it could affect the tax you pay later. It may also be more difficult to locate or amalgamate your superannuation benefits in the future.

Tax changes – 29 June 1995

On 29 June 1995, the tax of benefits paid to state super members changed from an untaxed basis to a taxed basis. In effect, this means that from 30 June 1995, the fund pays tax on employer contributions, the member receives a 15% tax offset on pensions and less tax is payable on lump sums.

Consequently, members' lump sum and pension benefits were reduced by applying tax reduction factors. However, the net benefit either remained the same, or, as was the case for the majority of members, was increased.

As the fund did not commence paying tax on contributions until 1 July 1988, no reduction factors apply to entitlements prior to 1 July 1988.

The reduction factor applied to a member's pension and/or lump sum, takes into account factors such as the amount of annual pension, your eligible service date, and your service history.

Pensioners are only eligible for the 15% tax offset if they are:

- age retired at 55 or older, and have attained their preservative age,
- permanent disability retired, or
- receiving a partner/children's pension.

If you retire prior to your preservation age, then no pension reduction is applied. When you reach preservation age the pension is adjusted for the change in tax status and a 15% tax offset is available.

For current details on the thresholds for concessional rates of taxation payable on lump sums, visit the ATO website at www.ato.gov.au

Contributions tax

The way in which contributions are taxed, is dependant on the tax status of the fund.

Debt accounts

Note: Any debt account balances in existence in relation to family law payments, early release payments and/or surcharge debts will be deducted from benefits prior to payment.

The debt accounts represent any amounts:

- released on early release grounds,
- paid to a non-member spouse as a result of a family law split, or
- paid in relation to a surcharge debt

Plus any cumulative debt interest.

Your next steps…

Need to provide your Tax File Number?

Submit your TFN form
By downloading the *Tax File Number Notification form* at **www.esssuper.com.au** and sending it to ESSSuper.

ESSSuper Member Service Centre
Speak to a superannuation consultant by calling 1300 655 476 to find out if you have supplied your TFN.

Need more information on tax?
Visit the Australian Tax Office (ATO) website on www.ato.gov.au

Transfer Balance Cap – from 1 July 2017

From 1 July 2017, Defined Benefit Lifetime Pensions will also be included in the assessment of the transfer balance cap of $1.6 million*. The transfer balance cap refers to the total amount an individual can retain or transfer into an account based income stream in the retirement phase (retirement income stream) where earnings are exempt from taxation. Any Defined Benefit Lifetime Pension and retirement income streams will both count towards the individual's transfer balance cap. The Defined Benefit Lifetime Pensions are valued at a rate of 16 times the individual's annual pension amount as at 1 July 2017 or commencement of the pension. Subsequent earnings on pension balances and pension payments received from 1 July 2017 or on commencement do not count towards the transfer balance cap.

If an individual has more than the transfer balance cap of $1.6 million* in a retirement income stream, the ATO will send an assessment notice that instructs "you" or the "holder" to to either:

- Withdraw the excess above the $1.6 million* cap from an retirement Income stream from the superannuation system; or
- Transfer the excess above the $1.6 million* cap back to an accumulation phase superannuation account where earnings are taxed at 15%.

From 1 July 2017, the ATO will calculate notional earnings on any amount in excess of the transfer balance cap of $1.6 million*. This will be subject to excess transfer balance tax of 15% until it is removed. From 1 July 2018, the excess transfer balance tax rate is 15% for the first time the cap is breached and then 30% for subsequent breaches.

If sixteen (16) times the annual pension payments of the Defined Benefit Lifetime Pension are more than the transfer balance cap of $1.6 million*, the member will not be made to commute the pension. The member will be required to pay tax at marginal rates on 50% of the excess annual Defined Benefit Lifetime pension payments above $100,000 per annum.

* Subject to indexation in line with Consumer Price Index in $100,000 increments. This transfer balance cap applies for the 2017-18 financial year and may change for future years. Please refer to our website at **www.esssuper.com.au** How much cap space an individual has left will be determined by a 'proportionate method' (i.e. the percentage of the cap already been used). The ATO will administer and advise how much cap has been used and how much an individual can contribute.

An individual with a Defined Benefit Lifetime Pension of $100,000 p.a (valued at $1.6 million* for the purpose of the transfer balance cap) or more, has used 100% of their transfer balance cap and is therefore subject to excess transfer balance tax on notional earnings on any retirement income stream.

Taxation of Lifetime Defined Benefit Pensions – from 1 July 2017

A new Defined Benefit Pension cap of $100,000* will be implemented to cap the amount of Defined Benefit Pension income received tax free. 50% of the annual Defined Benefit Pension income above the cap of $100,000 will be included as assessable income and taxed at the individual's marginal tax rate. This applies to defined benefit pensioners age 60 and over. Prior to Age 60 all defined benefit Lifetime pensioners are taxed at marginal rates less a tax offset.

Complaints handling

If you wish to make a complaint about any aspect of our service, or feel that you may have been treated unfairly or disadvantaged by a decision of ESSSuper, you are encouraged to call us to help resolve it. In the event that you are not satisfied, the matter will be referred to the Complaints Officer.

Complaints are accepted in any form: in person, by phone, email or in writing. Complaints can be directed to:

The Complaints Officer	
Postal address	GPO Box 1974 Melbourne VIC 3001
Telephone	1300 650 161 (for emergency services members) 1300 655 476 (for state super members)
Email	info@esssuper.com.au

You may be asked to document your complaint in writing (either by fax, email or letter) if the complaint is sufficiently complex and/or the initial complaint was raised by a third party (non-member).

ESSSuper has a formal dispute handling process comprising an internal and external avenue of appeal.

In the event that the Complaints Officer is unable to resolve the matter to your satisfaction, you may request in writing to have the matter internally reviewed. Such requests must be made within 30 days of receiving the decision. Your request should provide reasons why you are dissatisfied with the previous response and the resolution you seek.

Proudly serving our members

Level 16, 140 William Street
Melbourne VIC 3000

GPO Box 1974
Melbourne VIC 3001

T 1300 655 476
F 1300 766 757

info@esssuper.com.au
www.esssuper.com.au

You should check any relevant exit fees you may incur, or any insurance arrangements that may be forfeited, or any other effects this transfer may have on your benefits, before rolling your money into our fund.

ESSSuper has an arrangement with Adviser Network Pty Ltd (Australian Financial Services Licence (AFSL) No. 232729) (Adviser Network) under which Adviser Network and its authorised representatives may provide you with fee-for-service (commission free) financial product advice. This means you only pay for the time it takes to provide you with the advice or to complete a financial plan. Under this arrangement, Adviser Network authorises certain qualified ESSSuper financial planners to provide financial product advice to ESSSuper members. Although these financial planners are employed by ESSSuper, the advice will be provided under Adviser Network's AFSL and Adviser Network is responsible for the financial services advice provided to you. ESSSuper pays Adviser Network a fee for this service. However, neither the Board, ESSSuper nor the Victorian Government guarantee or endorse any advice given by Adviser Network or its authorised representatives.

Emergency Services Superannuation Board ABN 28 161 296 741 (ESSB) is the Trustee of the Emergency Services Superannuation Scheme ABN 85 894 637 037 (ESSSuper). ESSB respects the privacy of ESSSuper members and will store, record and use the information pertaining to your nominated account in accordance with the *Privacy and Data Protection Act 2014* and ESSSuper's Privacy Policy. The information requested from you is required to establish, manage and pay your superannuation entitlements (including insurance benefits); to assist your employer meet its superannuation obligations to you; to provide you with information and updates on legislative and policy changes relevant to superannuation and insurance and to enable service providers contracted by ESSB to provide the above mentioned services to you. The types of organisations to which we usually disclose personal information generally include: your employer, our auditors, insurer, actuaries, medical and rehabilitation practitioners, investigators, printers, mail houses, administration software providers (and website hosts), other superannuation funds, courts, death benefit beneficiaries, a member's spouse or partner as part of a divorce settlement or separation (where required by law), the Victorian Government and other Government agencies (such as the Australian Taxation Office, Centrelink, and the Victorian Civil and Administrative Tribunal). You have the right to access and correct personal information. Requests to update personal information, or any queries relating to privacy should, in the first instance, be referred to the ESSSuper Member Service Centre on 1300 655 476. Written queries and complaints should be addressed to: The Privacy Officer, ESSSuper, GPO Box 1974, Melbourne VIC 3001.

Requests for access to documents containing your personal information should be made through the *Freedom of Information Act 1982*, and should be addressed to the Freedom of Information Officer at the above address.

You can read our Privacy Statement at **www.esssuper.com.au**

July 2017