RBF

Contributory Scheme

Member Booklet

This booklet is for contributors to the Contributory Scheme and information contained in this booklet is current as at 1 July 2024.

Please refer to the 'Useful terms explained' on **www.rbf.com.au** for definitions of commonly used terms in this Booklet.

Contents

The Commission does not provide personal, tax or legal advice to members and recommends that you speak to appropriate professionals in relation to any of these matters.

If you would like information about your benefit you can make an appointment with one of RBF's Superannuation Consultants. Simply contact the RBF Enquiry Line on **1800 622 631**. At your request Superannuation Consultants can provide you with different scenarios in relation to your RBF benefits however, they do not make recommendations or provide opinions on what you should do. Any information provided will not take your financial situation, needs or circumstances into account, so you should look at your own financial position, objectives and requirements before making any decisions. You may also wish to consider seeking financial advice from a suitable and qualified professional.

At RBF, we strive to provide accurate and up-to-date information to our members. If there is any discrepancy between the information contained in this document and RBF's governing legislation, the governing legislation will be the final authority. Updated information can be downloaded from our website **www.rbf.com.au**. A hard copy can also be posted to you free of charge by calling the RBF Enquiry Line on **1800 622 631**.

The privacy of your personal information is important to RBF. We understand the need for confidentiality. RBF will hold your personal information securely and use it only for the purposes described in the 'Privacy Policy' available at **www.rbf.com.au**. RBF outsources its administration activities to Australian Administration Services Pty Ltd (ABN 62 003 429 114) (MUFG Pension & Market Services). MUFG Pension & Market Services is subject to the Australian Privacy Principles and will store and use your personal information for the purposes described in the MUFG Pension & Market Services 'Privacy Policy' available at **www.rbf.com.au**. The Superannuation Commission is supported by a branch of the Tasmanian Department of Treasury and Finance and the staff of that branch comply with the Commission's Privacy Policy.

Your personal information may be transferred between RBF and MUFG Pension & Market Services. Other service providers to the Commission may also have access to confidential information held by the Commission. The privacy of members is protected by confidentiality clauses contained in the agreements with such service providers.

Contributory Scheme membership

The Contributory Scheme is a defined benefits super scheme for Tasmanian state service employees which is managed by the Superannuation Commission (Commission).

The Contributory Scheme offers defined benefits through lump sums and pensions to certain eligible permanent, temporary and contract Tasmanian state service employees. This scheme was closed to new employees appointed on or after 15 May 1999.

Membership will cease upon retirement or resignation and once a member reaches the age of 70, regardless of whether they are still working.

Permanent employees

Permanent Tasmanian state service employees, under the age of 70, and appointed to a permanent full-time position prior to 15 May 1999, automatically became members of the Contributory Scheme.

Permanent part-time employees

A person who commenced employment as a permanent part-time employee on or after 1 July 1994 and before 15 May 1999 was required to join the Contributory Scheme.

A person who was a permanent part-time employee before 1 July 1994 who had not previously elected to contribute may elect to become a contributor.

Temporary employees

Temporary employees have been able to join the Contributory Scheme since 1974, provided they satisfied one of the following eligibility requirements:

(a) a person was continuously employed in a temporary capacity for 12 months and their employer had certified that the person was likely to remain employed for at least 3 years; or

(b) a person was continuously employed in a temporary capacity for 4 years but was unable to obtain the certification in (a) above.

On and from 1 July 1994 a person who had been employed continuously in a temporary full or part-time capacity (whether before or after 1 July 1994) for at least two years could elect, within twelve months of completing two years continuous service or any extended time allowed by the Commission, to join the Contributory Scheme from the date of the election.

With the closure of the Contributory Scheme from 15 May 1999, only temporary employees employed before that date had the opportunity to elect to join as outlined in the previous paragraph. Given the timeframes referred to in the previous paragraph, the last date that a temporary employee could be admitted to the Contributory Scheme was 14 May 2002.

Contract employees

Prior to 15 May 1999 contract employees with a minimum term of 3 years[1] could elect to join the Contributory Scheme on commencement of employment.

A permanent state service employee within the meaning of the *State Service Act 2000* who is seconded or transferred to work for the Crown under a contract of employment is deemed to be a permanent state service employee for the duration of that contract.

Married female employees

Married female employees who are not Contributory Scheme members may elect in writing, at any time, to become Contributory Scheme members if they:

- were employed in a permanent capacity in the Tasmanian state service before 1 July 1982; and
- have been continuously employed since that date.

Participation in SSALS

Members may elect to participate in the State Service Accumulated Leave Scheme (SSALS) if approved by their employer. Entering into a SSALS agreement will reduce both a member's Contributory Scheme benefit and any insurance cover through the Scheme. Participating in SSALS is the same as choosing to work part time for RBF purposes, therefore a member's employment percentage will reduce for the length of the SSALS plan.

For the purposes of calculating any benefits payable by the Fund, service will be recognised at the appropriate part-time rate for the period of the SSALS plan and the salary used for the calculation of benefits will be converted to a full-time equivalent value.

Compulsory and voluntary deductions will continue to be deducted as normal during the work and leave periods of the plan.

1 This is a contract in writing under which a person is employed in an Agency (as defined in the *Public Sector Superannuation Reform Act 2016* s3) for a period that is, or for periods that together are, not less than 3 years, whether the periods are specified in, or determined by reference to, the contract.

Inward portability of benefits

Eligible members may rollover all or part of a benefit they have accrued in another complying superannuation fund to the Contributory Scheme to cover all or part of the cost of purchasing service or retrospectively upgrading service to a higher rate of contribution.

Former members who are eligible to purchase an RBF Life Pension may also roll money in from other complying superannuation funds to purchase their Life Pension (strict eligibility rules apply).

For more information, see the Purchase and upgrade of service factsheet and the Contributory Scheme Life Pension factsheet available on **www.rbf.com.au**.

Exemptions from and cessation of membership

If a contributor no longer wants to be a member of the Contributory Scheme, they can request to exempt from membership of the Contributory Scheme by notifying the Commission in writing and by entering into a written document providing a full release to the Commission from any further liability. A Deed of Release will need to be executed by both the member and the Commission.

If an exemption request is granted:

- the exempt person ceases to be a member of the Contributory Scheme effective the day the exemption is granted; and
- the exempt person does not have the option to re-join the Scheme;
- they will lose any right to purchase an RBF Life Pension with a conversion factor of twelve (if applicable)
- from the date of exit they will not have any death or invalidity insurance cover in the Scheme; and
- if the exempt person has not attained their preservation age, the employer share of their defined benefit remains unfunded and is transferred to a Compulsory Preservation Account in the member's name and will remain in the Fund until they meet a Condition of Release.
- The funded component of the exempt benefit must be rolled over to a complying super fund.

Persons employed under a prescribed contract of employment[2] whose contracts make provision for alternative super arrangements, are not permitted to retain membership of the Contributory Scheme.

Contributory Scheme members whose employment status changes to casual are also not permitted to retain membership in the Contributory Scheme.

Membership ceases once a person reaches 70 years of age.

Medical requirement for full benefits incapacity cover

A Contributory Scheme member who wishes to gain full death and incapacity cover ("**full benefits**") must first pass an examination by a medical practitioner approved by the Commission. The medical practitioner will determine if the member is suffering from any medical condition (physical and/or mental) that is likely to render the member incapable of working before reaching the age of retirement. After considering the medical advice, the Commission may accept the member as a full benefits contributor.

If a Contributory Scheme member does not have a medical examination, or the member does not pass the medical examination, the member will be restricted to limited benefits for death and incapacity cover until they successfully pass the medical examination or they complete 10 years of contributory membership, whichever occurs first. After completion of 10 years of continuous contributory membership a member with limited cover will automatically be entitled to full benefits cover.

Note: Service for the purposes of the 10 year rule does not include service while on sick leave without pay and any periods of purchased service.

2 See Footnote 1.

Contributory Scheme contributions

Member contributions

All Contributory Scheme members must contribute to the Contributory Scheme. The minimum, or basic contribution rate, is 5% of salary (fortnightly) and the maximum contribution rate is 15% of salary (fortnightly). Some members who joined prior to 1 April 1987 elected to contribute at a lower rate of 2.75% and are entitled to continue to contribute at 2.5% of salary.

Members may choose to increase their contribution rate above the 5% contribution rate in multiples of 1% to a maximum rate of 15% of salary. Each 1% increase in contribution rate above the basic contribution rate of 5% of salary gives rise to an increased benefit multiple factor which increases the rate of growth in a member's accrued benefit multiple.

The following table shows the current contribution rates and their corresponding accrued benefit multiple factor.

Employee contribution % of salary	Accrued Benefit multiple factor[3] % for each year of service before 1 July 1993	Accrued Benefit multiple factor % for each year of service after 1 July 1993
2.50 (post 1 July 1993)	10.00	10.00
5.00 (post 1 July 1993)	20.00	20.00
6.00	20.60	21.25
7.00	21.70	22.50
8.00	22.90	23.75
9.00	24.20	25.00
10.00	25.40	26.25
11.00	26.70	27.50
12.00	–	28.50
13.00	–	29.50
14.00	–	30.50
15.00	–	31.50

Note: The ability to contribute at a rate in excess of 11% was not introduced until October 2002.

Accrued Benefit Multiple Factor

A member's accrued benefit multiple factor (ABMF) is determined by a member's contribution rate(s) and length of full-time equivalent service during which the member has paid the same contribution rate.

This is calculated using the members full-time equivalent contributory service in years, multiplied by the benefit multiple factor that applies to the member's contribution rate.

These calculations are repeated and accumulated for each distinct period of contributory service whenever there is a change in contribution rate, accrual rate, employment percentage or contributory service.

A member who works on a full-time basis will have an employment percentage of 100%, while a member working on a part-time basis will have an employment percentage that is less than 100%.

For example, if a member is a full-time employee and they contribute to the Scheme at the basic rate of 5% of salary for 5 years, their accrued benefit multiple will increase by 1 (5 × 20%). If the same member had increased their contribution rate to 15% of salary for 5 years, their accrued benefit multiple will increase by 1.575 (5 × 31.50%).

For further information please refer to the Service and salary for part-time members section on page 9 of this Booklet.

Upgrading contribution rates

Members can increase their accrued benefit multiple factor by increasing their contribution rate for future service (prospectively) or by upgrading past service (retrospectively) to a higher contribution rate.

Members who are contributing to the Scheme may elect to increase their prospective contribution rate up to a maximum of 15%. Members increasing from 2.5% will be required to undergo a medical examination at their own expense prior to having their application to increase their contributions considered.

Contributing members who wish to upgrade their past contribution rate to a higher contribution rate can only upgrade those periods of contributory service for which they have paid contributions (including any periods of purchased service). Fund rules do not permit members to retrospectively upgrade past contributory service to a rate that exceeds 11% of salary.

3 A member's accrued benefit multiple factor (ABMF) is determined by a member's contribution rate(s) and length of full-time equivalent service during which the member paid the same contribution rate. For example, if a member is a full-time employee and they contribute to the Scheme at the basic rate of 5% of salary for 5 years, their accrued benefit multiple will increase by 1 (5 × 20%). If the same member had increased their contribution rate to 15% of salary for 5 years, their accrued benefit multiple will increase by 1.575 (5 × 31.50%).

To increase their contribution rate retrospectively, members must complete the Contributory Scheme – Application for purchase and upgrade of service form. RBF will validate the election and determine the cost of upgrading the contribution rate. A deed will be prepared and sent to the member. The cost is calculated using actuarial factors that have regard to the members age, gender and membership category (whether a pre 1 July 1994 member or post 30 June 1994 member). The total cost is equal to the member's salary multiplied by the additional benefit multiple the member will receive and this result is multiplied by the applicable actuarial factor.

A person cannot elect to retrospectively increase their contributions to a higher rate if they have terminated their employment. Members wishing to upgrade their past contribution rate to a higher rate close to their date of termination of employment must allow enough time for the Commission to validate the members election, calculate the cost of the upgrade and prepare and issue the deed. The deed must be finalised by the member and returned to the Commission prior to termination of employment.

For more information, please refer to the Fact sheet Contributory Scheme – Purchase and upgrade of service available at **www.rbf.com.au**

Contribution tax and contribution limits

Members' fortnightly contributions to the Contributory Scheme must be either:

(a) after tax contributions which are classified as non-concessional contributions; or

(b) before tax salary sacrifice contributions which are classified as concessional contributions.

There are limits on the amounts of concessional and non-concessional contributions that can be paid into super by the end of each financial year. These limits are called the concessional contributions cap and the non-concessional contributions cap.

Concessional contributions

Concessional contributions are employer contributions which are subject to 15% contributions tax. Concessional contributions include employer salary sacrifice contributions and notional taxed contributions.

Notional taxed contributions are an estimate of the amount of concessional contributions a member's employer has notionally contributed to the Contributory Scheme for the benefit of the member and includes any salary sacrifice contributions paid to the Contributory Scheme during the financial year.

Grandfathering rules apply to those members who joined the Contributory Scheme before 12 May 2009. Under the grandfathering rules a member's notional taxed contributions are limited to the amount of the concessional contributions cap if the member's notional taxed contributions for a financial year exceed the concessional contributions cap.

The value of notional taxed contributions are calculated by RBF based on a prescribed formula and reported to the ATO on an annual basis. Excess concessional contributions are included in a member's assessable income.

Non-concessional contributions

Non-concessional contributions are contributions a member pays from after tax income, also known as personal contributions.

Members who exceed their non-concessional contributions cap may be liable for the payment of excess non-concessional contributions tax to the ATO.

For more information about contribution caps, limits and tax on super contributions, please refer to the ATO website at **www.ato.gov.au**.

Salary sacrifice contributions

Members may choose to pay their mandatory contributions from after-tax income or from before-tax income by way of a salary sacrifice arrangement with their Tasmanian state service employer.

Contributions paid from a member's after tax income are non-concessional contributions for taxation purposes and are not subject to 15% contributions tax because they are paid from after tax income.

If contributions are made by way of salary sacrifice, the member chooses to 'give up' or 'sacrifice' part of their before tax salary which the employer pays directly to the Contributory Scheme on their behalf. Salary sacrifice contributions are concessional contributions for taxation purposes.

Members who salary sacrifice are required to pay contributions at an adjusted contribution rate to allow for the deduction of 15% contributions tax. The table below shows the salary sacrifice contribution rate payable when compared to the after tax contribution rate.

After tax contribution rate % of salary (non concessional)	Salary sacrifice contribution rate % of salary (concessional)
2.50	2.9412
5.00	5.8824
6.00	7.0588
7.00	8.2353
8.00	9.4118
9.00	10.5882
10.00	11.7647
11.00	12.9412
12.00	14.1176
13.00	15.2941
14.00	16.4706
15.00	17.6471

Commencement and cessation of contributions

Contributions by a permanent employee commence on the day of appointment (or where an election to join is required, the date of the election) and cease on the day the member ceases to be employed or the member reaches 70 years of age, whichever occurs first.

Members who have reached 65 years of age and continue to work may elect in writing to the Commission to stop contributing to the scheme. If this election is made, the member cannot decide to start paying contributions again at a later date. The member's defined benefit is payable on the earlier of retirement, reaching age 70 or passing away.

Reduction in contribution rate

Members who are making contributions at a rate greater than 5% of salary (or 5.8824% of salary if contributing by salary sacrifice contributions) may elect at any time to reduce their contribution rate. The reduced contribution rate cannot be less than the minimum basic contribution rate of 5% of salary (or 5.8824% of salary if contributing by salary sacrifice contributions).

Contributions while on leave

Members who take any leave with full pay must contribute to the Contributory Scheme.

Sick leave

Members on sick leave without pay or sick leave on less than full pay are required to maintain their contributions to the Scheme. Members may pay in advance or continue to make regular contributions during the leave. Members may also seek to defer the payment of contributions for up to a maximum period of two years. Such a deferral is subject to any conditions RBF may impose in relation to the repayment of the contributions, including the payment of interest on those contributions.

Parental leave

Parental leave is any period, not exceeding 12 months on any one occasion, of unpaid maternity, paternity or adoption leave.

Members on parental leave may pay contributions in advance, continue to make regular contributions during their leave, or seek to defer payment of their contributions on the same basis as members who are on sick leave (above). Members on parental leave may also choose not to pay contributions.

Members who wish to continue to contribute are required to elect to do so in writing within one month of commencing their parental leave (or any extended period approved by the Commission). Parental leave in excess of 12 months is treated as a contribution holiday.

If a member does not, or chooses not to pay contributions whilst on parental leave, the entire period of leave will be treated as a contribution holiday.

A contribution holiday is any period of service where a member has elected not to contribute or is not permitted to contribute to the scheme. The service relating to the contribution holiday is not recognised as contributory service for benefit calculation purposes unless the member elects to purchase that relevant period of service at full actuarial cost. The member can make an application to purchase the service at any time while they are a Tasmanian state service employee and active member of the Scheme.

Other leave

If a member takes leave without pay for more than 20 continuous working days for any other reason, they cannot contribute during the leave period. The period of leave will also not be recognised as service for benefit calculation purposes. This leave may be purchased at full actuarial cost at any time whilst the member is a Tasmanian state service employee and active member of the Scheme.

A member who takes leave without pay for 20 continuous working days or less is required to pay contributions while on leave without pay.

Contributions by seconded employees

A member seconded to a position outside the Tasmanian state service is required to continue to contribute to the Contributory Scheme for the duration of the secondment.

During the period of the secondment the member's salary, for the purpose of the scheme, is the salary paid by the seconding employer. The seconding salary is used to calculate member and employer contributions. Where applicable, the seconding salary is used in the calculation of final average salary.

Members must continue to pay their fortnightly contributions. Members may elect to vary their contribution rate or change the method of paying mandatory contributions from after tax contributions to salary sacrifice contributions or vice-versa during the period of the secondment.

Purchasing service

Members may be able to increase their end benefit by purchasing one or more periods of eligible service which would be recognised for benefit calculation purposes. The benefit multiple relating to each period of purchased service is included in the calculation of the member's total Accrued Benefit Multiple Factor (ABMF).

Members may apply to the Commission to purchase recognition of one or more of the following types of non-contributory service or prior service:

1. A contributor who, immediately before becoming a contributor was:
   (a) a student teacher, cadet, apprentice or trainee in any State Agency; or
   (b) an employee as defined by the current regulations or the former regulations.
2. A contributor who did not have service counted as contributory service because that service relates to:
   (a) a period of leave without pay (LWOP for more than 20 continuous days); or
   (b) an election not to pay contributions while on parental leave without pay.
3. The contributor had been a member of the Contributory Scheme but had ceased to be a member; or
4. The contributor had, as a married female employee, elected not to pay contributions or had not been obliged to make contributions; or
5. The contributor had previously been exempted from making contributions to the Contributory Scheme under the former superannuation legislation.
6. An existing contributor[4] under the *Retirement Benefits Act 1970* or the Retirement Benefits Act 1982 who had elected to transfer into the Scheme and who contributed less than their maximum unit entitlement may elect that the period of reduced service or part of that service be recognised as service; or
7. An existing contributor[4] who had elected to contribute to the fund on a transfer basis who had not paid full contributions as required by section 61(3) of the 1982 Act may elect that the period of reduced service or part of that service be recognised as service.

To purchase recognition of all or part of any of these types of service the member must complete the Contributory Scheme – Application for purchase and upgrade of service form. A deed (contract) will be prepared and sent to the member. The cost is calculated using actuarial factors that have regard to the member's age, gender, membership category (whether a pre 1 July 1994 member or post 30 June 1994 member). The amount payable is based on actuarial factors, salary and the length of the service to be purchased.

If a person joined the Contributory Scheme on or after 1 July 1994 (Post 30 June 1994 member) and they purchase service over a period before 1 July 1994 which ends on the day immediately before they joined the Scheme on or after 1 July 1994, the member will continue to be classified as a Post 30 June 1994 member because as at 30 June 1994 the member was not a Contributory Scheme member.

If purchasing past non-contributory service, this can only be purchased to the value of a maximum contribution rate of 11%, regardless of the member's current contribution rate.

A person cannot elect to purchase service if they have terminated their employment. Members wishing to purchase service close to the date of termination of employment must allow enough time for the Commission to prepare and issue a deed and for the member to return the deed and pay the cost before the member leaves their employment.

For more information, please refer to the Fact sheet Contributory Scheme – Purchase and upgrade of service available at **www.rbf.com.au**

4 A contributor who, immediately before 1 July 1994, was a contributor to the contributory scheme established under the *Retirement Benefits Act 1982* and who has continued at all times to be such a contributor.

Member Accounts

Member Contribution Account

A contribution account exists for each member of the Contributory Scheme. Member contributions plus interest on those contributions (calculated at the fund earning rate) are credited to the account, less any death and incapacity premiums or taxes.

Member Contribution Offset Account

This account represents the accumulation of contributions, interest and any other amounts owing to or by the Fund and, if applicable, it will be shown in the annual member benefit statement.

A positive balance indicates that excess contributions may have been paid.

A negative balance in this account indicates that contributions are owing to the Fund by the member.

Where a member has contribution arrears, interest will be applied at the fund earning rate. Interest will continue to apply until the contribution arrears and total interest are paid in full.

Members have the following payment options:

- pay the debt in full or over several part payments; or
- authorise RBF to instruct the member's employer to deduct extra contributions in instalments from the member's salary and send to RBF; or
- defer payment until the member takes their retirement benefit.

If the Member Contribution Offset Account is negative (in debt) when a member ceases membership of the Scheme, the debt must be paid prior to the benefit being processed.

If the Member Contribution Offset Account debt cannot be discharged by cashing all of the unrestricted non-preserved benefit, the outstanding debt may be reduced by:

(a) paying a non-concessional contribution; and/or

(b) arranging for the payment of a rollover superannuation benefit from a complying superannuation fund to the Scheme.

Investment 12 and CPA 12

Investment 12 accounts are created where a pre 1 July 1994 member is made redundant prior to reaching their preservation age and they elect to preserve all (100%) of their redundancy benefit in the Scheme for the purpose of retaining access to a pension conversion factor of 12. On redundancy, the employee component of the member's redundancy benefit is transferred to the member's Investment 12 account and the employer share is transferred to the member's Compulsory Preservation 12 account (CPA 12). The balance of these accounts is indexed twice yearly at the greater of movements in the Consumer Price Index or Average Weekly Ordinary Time Earnings. When the member reaches their preservation age, the balance of the CPA 12 account is funded and transferred to the member's Investment 12 account where it is subject to a once-off contributions tax adjustment.

The member has a **once-off right** to use all or part of their Investment 12 account to purchase a fully funded life pension calculated using a conversion factor of 12 rather than actuarially determined pension conversion factors.

On reaching preservation age the member may choose to:

1. convert all or part of the balance of their Investment 12 account to a life pension calculated using the pension conversion factor of 12; or
2. leave the Investment 12 account in the Fund until they retire from the workforce or reach age 70 (whichever occurs first) if they wish to preserve the right to purchase a life pension with a conversion factor of 12 at a later stage.

IMPORTANT: Access to the pension conversion factor of 12 is lost if all or part of the member's benefit is rolled over to another complying fund or paid as a cash lump sum before the member elects to purchase a life pension using the pension conversion factor of 12.

Contributory Scheme CPA

By law, the unfunded employer share of a Contributory Scheme resignation or redundancy benefit for members who cease employment before reaching their preservation age must be preserved in their Contributory Scheme Compulsory Preservation Account (CPA).

The Contributory Scheme CPA account attracts interest which is credited annually at a rate which is the greater of movements in the Consumer Price Index and Average Weekly Ordinary Time Earnings. These rates are reviewed as at 1 March and 1 September each year.

The CPA account may only be accessed before a member reaches their preservation age in the event of severe financial hardship, compassionate grounds, terminal illness, permanent incapacity or death. Applications for the early release of a member's CPA benefit on these grounds are subject to strict eligibility criteria (including Commission approval) and/or medical assessment.

The member's former employer will fund the balance of the member's CPA account on the day the member attains their preservation age. Once funded, the benefit must be taken out of the Fund or the member can elect to use all or part of their benefit to immediately purchase a fully funded RBF Life Pension.

Preservation age

Under Commonwealth super legislation, the preservation age is the age at which a member can gain access to preserved super benefits, provided the member has retired from the workforce. The table below shows how preservation age is determined.

Date of birth	Preservation age
From 1 July 1964	60
1 July 1963 to 30 June 1964	59
From 1 July 1962 to 30 June 1963	58
From 1 July 1961 to 30 June 1962	57
From 1 July 1960 to 30 June 1961	56
Before 1 July 1960	55

Death and Incapacity premiums

The actuary determines the premium (if any) applicable to members under the age of 60 effective from 1 October each year. Where a premium rate is set, this is deducted from the member's Contributory Scheme account.

Salary and contributions

For RBF purposes 'salary' includes wages, allowances and discretionary benefits paid or payable to a person as an employee. Salary also includes an amount paid by an Agency to a complying super fund on behalf of an employee who has the option of receiving the amount as salary or another form of benefit and any amounts paid for, or value assessed of non-salary benefits received by an employee, where those benefits can be taken as salary or another form of benefit.

Salary does not include:

- bonuses or payments for special circumstances of an occasional nature; or
- payments in respect of travelling or other work-related expenses; or
- allowances paid in lieu of a motor vehicle;
- payments in respect of accrued recreation leave or long service leave that is not taken as leave but for which a lump sum payment is made; or
- any wages, allowances or discretionary benefits in respect of which contributions have not been paid by a person while an employee; or
- any increase in salary ratified after cessation of employment.

Mandatory member contributions are calculated having regard to:

1. the member's actual fortnightly salary or the member's set or maintained fortnightly salary (for eligibility criteria refer to the Reduction in Salary section below);
2. the member's nominated contribution rate; and
3. the member's election as to whether the contributions are paid from before tax salary or after tax salary.

Reduction in salary

A member whose salary is reduced may apply in writing to the Commission to contribute to the Scheme based on the higher salary. Members are required to make their application within 12 months of the reduction in salary taking effect.

Applications cannot be made where the reduction in salary is caused by:

- participation in an accumulated leave scheme;
- becoming a part-time employee; or
- a part-time employee's designated hours of employment being reduced.

The Commission will consider whether the member's application satisfies the eligibility criteria. If the application is approved, the Commission will determine the:

- amount of fortnightly salary to be maintained;
- rate at which contributions should be paid;
- amount of any arrears of contributions and interest payable on contribution arrears.

Where applicable, the maintained salary is used in the calculation of final average salary (both FAS(3) and FAS(1)).

The maintained salary will be effective from the day the reduction in salary took effect until the day the contributor's current salary equals or is greater than the maintained salary.

Salary for benefit calculation purposes

Generally, the salary that is used to calculate member benefits is the member's final full-time equivalent average annual salary received during the three years immediately prior to cessation of membership. This 'average annual salary' is expressed as FAS(3). The member's FAS(3) is used to calculate the gross value of the member's resignation, redundancy, retirement, total and permanent incapacity and death benefits (whichever is appropriate).

If a contributor leaves the workforce and has less than three years' service, the salary will be averaged over the actual period of service.

The expression FAS(1) indicates that the average annual salary has been calculated over the last 12 months of employment. FAS(1) is used to calculate the amount of a Contributory Scheme life pension where a Pre 1 July 1994 member has elected to have their pension calculated in accordance with Schedule 1.

Service and salary for part-time members

A member's service for benefit calculation purpose is equal to the cumulative total value of the member's full-time equivalent service for each distinct period of service during which the member paid contributions to the Scheme and includes any period recognised as service as a result of the member purchasing non-contributory service or upgrading past contributory service to a higher contribution rate.

Service is adjusted to full-time equivalent service by multiplying the members actual service (in years) by their employment percentage for that period of service. A full-time employee has an employment percentage of 100% and a part-time employee has an employment percentage that is less than 100%. The employment percentages of all members are updated fortnightly. Each change in employment percentage from full-time to part-time (or vis-versa) or change in percentage of part-time employment percentage will automatically create a new distinct period of full-time equivalent contributory service.

The member's full-time equivalent service is subsequently used to calculate the members accrued benefit multiple for each distinct period of part-time employment and, if relevant, full-time employment.

In the event the member is employed in a part-time capacity during the final three years of service, their final average salary for benefit calculation purposes is adjusted to a full-time equivalent salary by dividing the member's actual fortnightly salary by their employment percentage for each respective fortnight.

Example

A member retires from the workforce on their 65th birthday having completed 40 years of contributory service. The member was a full-time employee for the first 10 years of membership. The member then worked on a part-time basis for 10 years with an employment percentage of 50%. The member returned to work on a full-time basis for 18 years. The member then worked on a part-time basis for a period of 2 years before retiring. The members employment percentage was 80% for the first year and 60% in the final year. The member always contributed to the scheme at the basic rate of 5% of salary.

The members FAS(3) of $100,100 is calculated as follows:

FAS(3)[5]	= average of each Fortnightly salary divided by employment percentage paid divided by calculation period in years
	FAS(3) = For each distinct period where employment % is constant Sum for each distinct period FAS(3) = [Number pay fortnight x fortnightly salary ÷ Employment percentage] ÷ 3 (years)
	FAS(3) = [(26 x $3,850 ÷ 100%) + (26 x $3,080 ÷ 80%) + (26 × $2,310 ÷ 60%)] ÷ 3 (years)
	FAS(3) = [($100,100) + ($100,100) + ($100,100)] ÷ 3 (years) FAS(3) = [$300,300] ÷ 3 (years) **FAS(3) = $100,100**

5 See page 11 for definitions of FAS(3) and benefit multiple factor in the lump sum benefit formula.

The member's accrued benefit multiple at retirement is 6.88 and results in a gross lump sum retirement benefit of $688,688. This is calculated as follows:

Period 1 **ABMF - 1st 10 years of full-time employment**	= Contributory service x Employment Percentage x Benefit multiple factor applicable to the members contribution rate for the period = 10 x 100% x 20% **= 2**
Period 2 **ABMF - 10 years part-time employment with an employment percentage of 50%**	= Contributory service x Employment Percentage x Benefit multiple factor applicable to the members contribution rate for the period = 10 x 50% x 20% **= 1**
Period 3 **ABMF - 18 years full-time employment**	= Contributory service x Employment Percentage x Benefit multiple factor applicable to the members contribution rate for the period = 18 x 100% x 20% **= 3.6**
Period 4 **ABMF -1 year of part-time employment with an employment percentage of 80%**	= Contributory service x Employment Percentage x Benefit multiple factor applicable to the members contribution rate for the period = 1 x 80% x 20% **= 0.16**
Period 5 **ABMF - 1 year of part-time employment with an employment percentage of 60%**	= Contributory service x Employment Percentage x Benefit multiple factor applicable to the members contribution rate for the period = 1 x 60% x 20% **= 0.12**
The members ABMF at retirement will be:	= The addition of the ABMF's calculated for Periods 1, 2, 3, 4 and 5 = 2 + 1 + 3.6 + 0.16 + 0.12 **= 6.88**
The members FAS(3) was $100,100 as calculated in the previous table. **The gross lump sum retirement benefit (before tax) will be:**	= FAS(3) x ABMF = $100,100 x 6.88 **= $688,688**

If the member had continued to work on a full-time basis over the last 2 years of membership their FAS(3) would continue to be $100,100 however the accrued benefit multiple factor will have increased to 7 rather than 6.88, giving a gross lump sum retirement benefit of $700,700.

Calculating a lump sum

When benefits are calculated and payable

The benefit that a Contributory Scheme member will be paid is calculated at the time the member ceases to be employed in the state service or upon reaching the age of 70 years, whichever is earlier.

The Contributory Scheme provides for the payment of the following lump sum benefits:

1. Retirement or redundancy benefits are payable when a member retires or accepts a redundancy and ceases employment with their state service employer on or after they have reached their preservation age or they have reached the age of 70 years.
2. A resignation benefit is payable when a member resigns from their employment with their state service employer before attaining their preservation age.
3. A redundancy benefit is payable where a member ceases employment as a result of being made redundant from their state service employer before attaining their preservation age.
4. A Death and Incapacity or Terminal Illness benefit is payable where a member has been determined by the Commission as eligible.

How is the defined lump sum benefit calculated?

Generally, the basic contributory scheme lump sum benefit is calculated as follows:

Lump sum	**= FAS(3) × ABMF**
FAS(3)	FAS(3) is the average annual salary (full-time equivalent salary) paid or payable to the member calculated over the last 3 years of membership. If a member has less than three years' service, the salary will be averaged over the actual period of service. FAS(3) is calculated as full-time equivalent salary in cases where a member has worked as a part-time employee during the last three years of membership.
ABMF	ABMF is the member's accrued benefit multiple factor. ABMF = sum of the following calculations for each unique period of contributory service where the contribution rate, benefit multiple factor and employment % are constant (= Contributory Service × Employment % × Accrued Benefit Multiple Factor) Where 1. The members actual contributory service (for each unique period) in years is multiplied by: 2. The member's employment % (for the specified period), this result is then multiplied by the benefit multiple factor that corresponds to the member's contribution rate (for the specified period); For each unique period of contributory service where the contribution rate, benefit multiple factor and employment % are constant: ◗ multiply the members contributory service (for the specified period) by the member's employment % (for the specified period) and multiply this result by the benefit multiple factor that corresponds to the member's contribution rate (for the specified period); ◗ the calculation above is repeated for each distinct period whenever there is a change in either the member's employment %, contribution rate or benefit accrual rate; ◗ the results of each calculation are added together to determine the member's ABMF. Service means the period or periods in respect of which a member made contributions to the Scheme and includes any period recognised as service as a consequence of the member purchasing non-contributory service or upgrading past contributory service to a higher contribution rate. The length of each period of contributory service is calculated in years. Employment % is the member's full-time equivalent service for a particular period of contributory service. 100% indicates full-time employment. Accrued Benefit Multiple Factor is the members total accumulated Accrued Benefit Multiple Factor calculated to a specific date. For example, the Member Benefit Statement calculates the value of the ABMF as at 30 June each financial year. A member was a full-time employee for their first 10 years of membership. The member changed to part-time with an employment % of 60% for 10 years. The member then returned to work on a full-time basis and maintained this status for the last 12 years. If the member contributed to the scheme at the basic rate of 5% of salary for the first 20 years of membership and then increased their contribution rate to 15% on and from the beginning of year 21 when they returned to work on a full-time basis the members ABMF will be 6.98 calculated as follows:

= Contributory service x Employment Percentage × ABMF applicable to the members contribution rate for the period	
Period 1 - First 10 years of membership full-time employee	= 10 x 100% x 20% = 2
Period 2 - 10 years of membership as a part-time employee	= 10 x 60% x 20% = 1.2
Period 3 - last 12 years as a full-time employee	= 12 x 100% x 31.50% = 3.78
ABMF	= 2 + 1.2 + 3.78 **= 6.98**

Calculation of gross lump sum benefit

A member who retires after his or her preservation age is entitled to a lump sum calculated as follows:

Lump sum[6]	**= FAS(3) × ABMF**
	= FAS(3) × full-time equivalent contributory service × benefit multiple factor

Example A

Assume Simon decided to retire at age 60. At that time he had:

- always contributed at the basic contribution rate of 5% salary, giving rise to a benefit multiple factor of 20%
- 35 years contributory service as a full-time employee
- an Accrued Benefit Multiple factor (ABMF) of 7 (35 × 20%)
- a FAS(3) of $80,000.

Simon's lump sum is $560,000 calculated as follows:

Lump sum	= FAS(3) × ABMF
	= FAS(3) × full-time equivalent contributory service × benefit multiple factor
	= $80,000 × 35 × 0.20
	= $560,000

Example B

If Simon had contributed for 30 years at the basic contribution rate of 5% (benefit multiple factor of 20%) and for a further five years, after 1 July 1993, at 8% (benefit multiple factor of 23.75%), his lump sum would be calculated as follows:

Lump sum	= [FAS(3) × (ABMF at 5%)] + [FAS(3) × (ABMF at 8%)]
	= [$80,000 × (30 × 0.20)] + [$80,000 × 5 × 0.2375]
	= $480,000 + $95,000
	= $575,000

Death and Incapacity benefits of Full Benefits members

See page 2 for further details on full and limited benefits for incapacity purposes.

A contributor for full benefits who is forced to retire as a result of Total and Permanent Incapacity, or who dies, has a benefit calculated as follows:

Lump sum[6]	**FAS(3)**
	× contributory service
	× benefit multiple factor
	PLUS
	FAS(3)
	× prospective service
	× 20%

In this case, prospective service is the period in years from the date of retirement or death to the lesser of:

- age 60; or
- 25 years.

Prospective service is always calculated at the basic contribution rate. For members contributing at the rate of 2.5% the benefit multiple factor for prospective service is 10%. For all other members the benefit multiple factor for prospective service is 20%.

In the event of the death of a contributor, a benefit based on this formula is also payable to a surviving partner, registered carer or the contributor's estate. See 'Who is eligible to receive Death benefits' on page 13.

Example

Ill health forces Joan to retire at 40, after 22 years' service. Joan had:

- contributed at 5%, so has a benefit multiple factor of 20%;
- 20 years prospective service (projected to age 60) at the basic contributory rate of 5%; and
- a FAS(3) of $75,000.

Joan's lump sum is $630,000, calculated as follows:

Lump sum	$75,000 × 22 × 0.20 = $330,000
	PLUS
	$75,000 × 20 × 0.20 = $300,000
Total	**= $630,000**

Limited benefits on invalidity or death

A contributor for limited benefits who is forced to retire as a result of Total and Permanent Incapacity, or who dies, has a benefit calculated as follows:

Lump sum[6]	**FAS(3)**
	× contributory service
	× benefit multiple factor
	PLUS
	FAS(1)
	× prospective service to 60
	× Superannuation Guarantee rate[7]

Example

Anne, 40, retires after eight years' service because of ill health as a limited benefits contributor.

She has:

- contributed at 5%, so has a benefit multiple factor of 20%;
- a FAS(3) of $70,000;
- a FAS(1) of $75,000;
- 20 years prospective service to 60; and
- current Superannuation Guarantee rate of 11.5%.

6 See page 11 for definitions of FAS(3) and benefit multiple factor in the lump sum benefit formula.
7 Superannuation Guarantee rate is the minimum employer contribution permitted under Commonwealth law.

Anne's lump sum is $262,000, calculated as follows:

Lump sum	$70,000 × 8 × 0.20 = $112,000 **PLUS** $75,000 × 20 × 11.5% = $172,500
Total	**= $284,500**

Note:

Where a member retires due to Total and Permanent Incapacity and their lump sum benefit exceeds $50,000, they may elect to take a lump sum of $50,000 and if approved by the Commission, a further $30,000. In some instances an application for an amount greater than $80,000 may be approved by the Commission on the basis of compassionate grounds where there is supporting evidence. The remainder of the benefit must be taken as a pension.

If, before the pension commences, the member is certified as terminally ill and death is likely to occur within 24 months, the member may take all or part of the benefit as a lump sum.

Please refer to the factsheet Death and incapacity Fact sheet on **www.rbf.com.au** for more information on Terminal Illness and Incapacity benefits.

A member is only eligible for ill health benefits while they are a state service employee. Any member who applies for an Invalidity or Incapacity benefit should not resign or retire until they know and accept the outcome of their application.

In the event of the death of a contributor, the deceased contributor's benefit may be subject to the death benefit eligibility requirements (see paragraph below) to be payable to a surviving partner, registered carer or the contributor's estate.

Who is eligible to receive Death benefits?

A death benefit is payable where a contributor to the Contributory Scheme dies while they are a state service employee.

Death benefits are paid to the surviving partner unless:

1. the member has elected in writing for RBF to pay all or part of the benefit to their estate; or
2. RBF considers the surviving partner is incapable of administering their own affairs in which case the benefit payment may be delayed for 30 days or a longer period as specified by the Tasmanian Civil and Administrative Tribunal. During this period the identity of the individual or entity that is responsible for managing the financial affairs of the surviving partner is investigated. Where an individual or entity does exist, this individual or entity will be asked to provide payment instructions that consider the financial needs and objectives of the surviving partner; or
3. If there is no surviving partner, a lump sum Death benefit is payable to the registered carer, or if there is not a registered carer, to the member's estate.

Surviving partner means the spouse of a Fund member (and includes a person with whom the member was in a significant relationship within the meaning of the *Relationships Act 2003*), and who was, in the opinion of the Commission, at the time of the member's death:

(a) living with the member on a genuine domestic basis and was receiving significant financial support from the member; or

(b) does not meet the definition in (a) but was living with the member on a genuine domestic basis; or

(c) does not meet the definition in (a) and (b), but for a medical reason or because of the care needed to be provided to the person, would have been living with the member; or

(d) does not meet the definition in (a), (b) or (c) but was receiving significant financial support from the member.

For the purposes of the *Relationships Act 2003*, a significant relationship is between two adults who:

- have a relationship as a couple; and
- are not married to one another or related by family.

Registered carer means a person with whom the member was in a caring relationship which was subject to a deed of relationship registered under Part 2 of the *Relationships Act 2003*.

For more information, please refer to the Fact sheet Who will receive my RBF Death benefit available at **www.rbf.com.au**

Dying as a pensioner

If a Contributory Scheme life pensioner dies, their surviving partner will be entitled to a Death benefit only if the deceased pensioner had chosen to take a **reversionary** Life Pension when they first established their pension.

The surviving partner can take the Death benefit as a:

- lump sum (if an election is made to take it as a lump sum within three months from the date the Commission determines they are the surviving partner); or
- Contributory Scheme Life Pension (which will be at the rate of two-thirds of the pension the member was being paid); or
- combination of a Contributory Scheme Life Pension and a lump sum.

The amount of the Death benefit payable is based on the pension paid before death and will cease to be paid with effect from the date of death of the surviving partner.

If the deceased pensioner had elected to receive a pension that stops when they die, the surviving partner **will not** be paid a Death benefit. This type of pension is known as a non- reversionary Contributory Scheme Life Pension.

If a pensioner who elected to receive a reversionary Contributory Scheme Life Pension does not have a surviving partner at the time of death, the Contributory Scheme Life Pension will end upon the pensioner's death.

For more information, please refer to the Fact sheet Contributory Scheme Life Pension available at **www.rbf.com.au**

Benefits on resignation or dismissal

Five or more years Contributory Scheme membership

A member under preservation age who resigns or is dismissed from the workforce after five or more years Contributory Scheme membership is entitled to a lump sum calculated as follows:

Lump sum[8]	**= FAS(3) × ABMF** **= FAS(3) × contributory service × benefit multiple factor**

Example

Michelle, 48, resigns after 25 years' service. She has:

- contributed for 25 years at 5%; and
- a FAS(3) of $100,000.

Michelle's lump sum is $500,000, calculated as follows:

Lump sum	$100,000 × 25 × 0.20 = $500,000

An amount of $442,500 representing the employer share of Michelle's benefit will be transferred to Michelle's Compulsory Preservation Account (CPA). This is because the employer share is unfunded and cannot be rolled over or transferred. Benefits accruing in the CPA earn interest at the greater of movements in the Consumer Price Index or Average Weekly Ordinary Time Earnings.

Michelle's CPA will be funded by her former employer on the earliest of the following dates:

- the date Michelle reaches her preservation age (60 in this example);
- the date the Commission determines that Michelle satisfies the eligibility criteria for payment of preserved benefits for permanent incapacity or terminal illness benefits;
- the date Michelle dies.

The transferable amount of Michelle's benefit (the funded component) is $57,500 ($500,000 less $442,500). This benefit can be rolled over to a complying super fund nominated by Michelle.

Fewer than five years Contributory Scheme membership

The benefit payable to a member with fewer than five years Contributory Scheme membership cannot be less than that provided under Superannuation Guarantee arrangements.

In practice, the benefit payable is determined by the formula that provides the greater benefit based on the two formulae detailed below:

Formula 1	
Lump sum[8]	**Balance of contributor's account + SG Notional Account balance (NCSB)**[9]

OR

Formula 2	
Lump sum[8]	$\dfrac{\textbf{([FAS(3) × contributory service × 15\%] × N}^{10}\textbf{) + balance of contributor's account}}{\textbf{1,825}}$

Benefits on redundancy

Before preservation age

A member under preservation age who ceases employment because of redundancy is entitled to a lump sum calculated as follows:

Lump sum[8]	**= FAS(3) × ABMF** **= FAS(3) × contributory service × benefit multiple factor**

A member who elects to take a redundancy before preservation age may choose to:

1. In the case of a Pre 1 July 1994 member, preserve all of their benefit within RBF until they reach their preservation age. A member who elects to take this benefit option will retain the right (subject to conditions) to purchase an RBF Life Pension on or after reaching their preservation age that is calculated using the pension conversion factor of 12, instead of the higher age based actuarial pension conversion factor.
2. A Post 1 July 1994 member may elect to preserve all of the employer share of the redundancy benefit in the Fund, in which case the entire unfunded employer component is transferred into a Contributory Scheme CPA. The funded component must be transferred to a complying fund nominated by the member. Any future RBF Life Pension purchased by a Post 1 July 1994 member will continue to be calculated using the latest actuarial pension conversion factors.
3. Both Pre and Post 30 June 1994 members can choose to rollover the prescribed amount of their benefit to another complying superannuation fund.
4. A Pre 1 July 1994 member who implements option 3 (above) will lose their right to purchase a life pension calculated using the pension conversion factor of 12. Any future pension will be calculated using the latest actuarial pension conversion factors.

8 See page 11 for definitions of FAS(3) and benefit multiple factor in the lump sum benefit formula.
9 NCSB is the employer share and interest rate that would have been payable as defined in Regulation 38(4).
10 N = contributor's service in days.

Example

Nick is a pre 1 July 1994 member who has accepted a redundancy offer at age 53. He has:

- 32 years contributory service;
- always contributed at 5%, so has a benefit multiple factor of 20%;
- an Accrued Benefit Multiple Factor of 6 (32 × 20%);
- a basic account balance of $200,000; and
- a FAS(3) of $115,000.

Nick has a lump sum redundancy benefit of $704,000, calculated as follows:

Lump sum	$115,000 × 32 × 0.20 = $736,000

Option 1 – Preserve entire benefit in Fund and retain access to the pension conversion factor of 12

As Nick is a pre 1 July 1994 member, he may choose to preserve his redundancy benefit in the Fund for the purpose of preserving his right to purchase an RBF Life Pension using the pension conversion factor of 12 (rather than the actuarial pension conversion factors) on or after he has reached his preservation age.

If Nick chooses to preserve his redundancy benefit in the Fund to retain access to the pension conversion factor of 12, an amount of:

1. $84,640 would be transferred to his Investment 12 account; and
2. the unfunded employer share of $651,360 would be transferred to his CPA 12 account.

Nick's former employer will fund the balance of his CPA 12 account when he reaches his preservation age. Once funded, the balance of the CPA 12 account is transferred to Nick's Investment 12 account where it will be subject to a once-off contributions tax adjustment.

To retain access to the pension conversion factor of 12, Nick must not cash (make a claim for early release) or rollover his Investment 12 and CPA 12 accounts until he has first elected to convert all or part of his Investment 12 Account to a life pension using the conversion factor of 12 when he:

1. has reached his preservation age; or
2. retires from the workforce after reaching his preservation age but before age 70; or
3. satisfies the eligibility criteria for the release of benefits on the grounds of permanent incapacity or terminal illness; or
4. dies.

In any of these circumstances Nick or his surviving partner will have a once-off right to convert all or part of his benefit to a RBF Life Pension, calculated using the pension conversion factor of 12.

Option 2 – Roll over prescribed amount

If a Pre or a Post 30 June 1994 member decides to rollover the prescribed amount of their benefit to another complying superannuation fund, the amount they are entitled to rollover is the lesser of the following amounts:

(a) their total lump sum; or

(b) 3.5 times their basic member account (basic contributions plus interest) plus any excess contributions and interest.

Where the total lump sum in (a) above is the greater than the prescribed component in (b) above, the amount of the excess is transferred and preserved in a Contributory Scheme Compulsory Preservation Account (CPA) in the name of the member.

Pre 1 July 1994 members who implement this option will lose their right to purchase a life pension calculated using the pension conversion factor of 12.

Example

Continuing with the example of Nick in Option 1, the balance of his basic member account is $200,000. If he decided to roll over the prescribed amount he would be entitled to rollover a lump sum of $700,000. This is calculated as follows:

Prescribed amount	$200,000 × 3.5 = $700,000

The difference between Nick's total lump sum and the prescribed amount is $36,000 ($736,000–$700,000) and this is transferred to Nick's Contributory Scheme CPA. The amount transferred to Nick's CPA is the residual unfunded employer share of the redundancy benefit.

If Nick implements option 2, he will lose access to the pension conversion factor of 12.

Member over preservation age but under age 60

A member under age 60 retiring because of redundancy is entitled to a lump sum calculated as a retirement benefit in the 'Calculation of gross lump sum benefit' section described on page 12.

Member who is age 60 or more but under age 65

A member who is age 60 or more but under age 65 who accepts a redundancy is entitled to a lump sum calculated with an additional prospective service component which recognises that the member is aged at least 60 at the time of redundancy. The formula is:

Lump sum[11]	**FAS(3)** **× contributory service** **× benefit multiple factor** **PLUS** **FAS(3)** **× prospective service to 65 years** **× 20%**

11 See page 11 for definitions of FAS(3) and benefit multiple factor in the lump sum benefit formula.

Example

Allan accepted a redundancy benefit on his 60th birthday. He has:

- contributed at 5%, so has a benefit multiple factor of 20%;
- a FAS(3) of $90,000;
- 25 years of contributory service; and
- five years of prospective service to 65.

Allan has a lump sum of $540,000, calculated as follows:

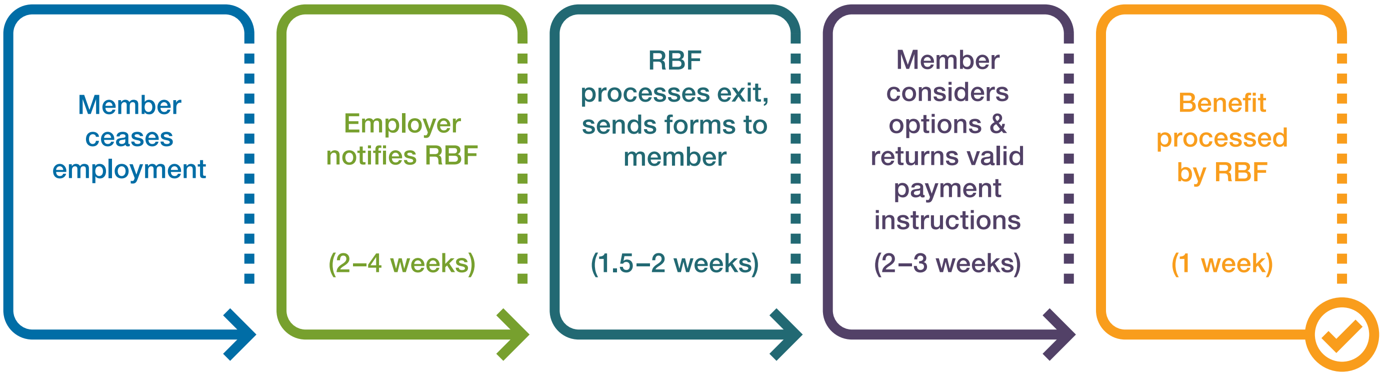
Lump sum	$90,000 × 25 × 0.20 = $450,000 **PLUS** $90,000 × 5 × 0.20 = $90,000
Total	**= $540,000**

Allan may elect to:

1. convert all or part of his lump sum to a Contributory Scheme pension; or
2. rollover all or part of his lump sum to a complying super fund of his choice; or
3. take all or part of his lump sum as a cash payment; or
4. do any combination of 1, 2 and 3 above.

When benefits are paid

The timely payment of member's benefits is important and RBF aims to pay benefits as soon as possible. Please be aware that retirement benefits take on average 10 weeks to be paid (see below). For more detail on this process please refer to the Fact sheet Contributory Scheme Retirement over preservation age, located on **www.rbf.com.au**.



Benefits are generally paid within 10 business days of the Commission receiving completed and valid payment instructions.

Late Payment Interest

If there has been an unreasonable delay in paying a member's benefit, the Commission can consider paying Late Payment Interest (LPI) on the benefit payment. Any LPI payments are considered on a case by case basis, based on a fair consideration of all circumstances surrounding the delay and must be approved by the Commission.

Pensions

Eligibility to purchase an RBF Life Pension

A member (or former member) is eligible to purchase an RBF Life Pension if they satisfy the following eligibility criteria:

1. The member was:
   (a) as at 14 May 1999, a member of the Contributory Scheme established under Part 4 of the Retirement Benefits Regulations 1994; or
   (b) as at 14 May 1999, a member of the Non-Contributory Scheme established under Part 5 of the Retirement Benefits Regulations 1994; or
   (c) as at 14 May 1999, a member who had benefits accruing in one or more of the following accounts established in accordance with Parts 6 and 7 of the Retirement Benefits Regulations 1994:
      - the RBF Investment Account; or
      - the RBF Compulsory Preservation Account; or
      - an RBF Allocated Pension Account; and
   (d) a Transferred Investment Account holder[12] within the meaning of the Tasmanian Accumulation Scheme Trust Deed; and
2. The member was:
   (a) a transferring member[13] immediately before 1 April 2017 and has at all times since first becoming a member of the Tasmanian Accumulation Scheme, retained an interest in that Scheme, until immediately before 1 April 2017; or
   (b) a Contributory Scheme member immediately on and from 1 April 2017 because they were a contributor to the Contributory Scheme, a Compulsory Preservation Account holder, a life pensioner or an Investment Account holder; and
3. The member has:
   (a) reached their preservation age; or
   (b) retired on the grounds of total and permanent incapacity as determined by the Commission; and
   (c) transferred a rollover superannuation benefit or a lump sum to the Contributory Scheme to be converted to a RBF Life Pension calculated using the latest actuarial pension conversion factor applicable to the member's age, gender and election as to whether or not the pension is to be reversionary or non-reversionary; or

The surviving partner of a member referred to in 1, 2 and 3 above may elect to convert all or part of the deceased member's benefit to an RBF Life Pension.

What is the difference between a Contributory Scheme Life Pension and an RBF Life Pension?

A member purchases a Contributory Scheme Life Pension when they elect to convert all or part of their Contributory Scheme lump sum benefit to a Contributory Scheme Life Pension. The Contributory Scheme Life Pension is represented by two distinct interests or components as follows:

1. a funded pension interest which is represented by the Fund and member share of a member's Contributory Scheme pension. The funded component of the pension is comprised of member contributions and accumulated investment returns. The taxation components attributable to the funded interest are the tax-free component and the element taxed in the fund (the taxed component).
2. an unfunded pension interest which is wholly represented by the employer share of the member's Contributory Scheme pension. The employer share of the pension is funded by last minute employer contributions which are paid fortnightly in arrears for the duration of the pension. The employer contributions are specifically excluded from 15% contributions tax when received by the Fund. The employer share is classified for taxation purposes as an element untaxed in the fund (untaxed component) when paid to the member.

An RBF Life Pension is purchased when:

1. an eligible member elects to rollover benefits from another complying super fund to the Contributory Scheme; or
2. a member elects to convert all or part of the benefit in the Compulsory Preservation Account to an RBF Life Pension.
3. a member elects to convert all or part of the benefit in the Investment 12 Account to an RBF Life Pension.

The RBF Life Pension is a fully funded and taxed pension. The pension is sourced solely from the capital used to purchase the pension. The tax components of the pension are represented by the tax-free component and the element taxed in the fund.

There are different tax implications associated with the tax components of these pensions. It is recommended that members seek advice on this from a suitably qualified and licensed professional adviser of their choice. RBF does not provide personal, tax or legal advice to members.

12 A Transferred Investment Account holder is the holder of an investment account established or maintained under the Retirement Benefits Regulations 2005 that was transferred to the Tasmanian Accumulation Scheme in accordance with Schedule 4B of the *Retirement Benefits Act 1993*.

13 A transferring member is a person who was a member of the Tasmanian Accumulation Scheme immediately before 1 April 2017, other than any Investment 12 Account holder.

Pension conversion factor of 12 (pre 94 members)

Members who were contributors as at 30 June 1994 and have maintained continuous membership of the Contributory Scheme since that date, retain the right to have their lump sum retirement benefit converted to a Contributory Scheme Life Pension that is calculated by using a pension conversion factor of 12.

Contributory Scheme lump sum benefits that may be converted in whole or part to a Contributory Scheme life pension using the pension conversion factor of 12 include:

(a) all retirement and redundancy benefits where the pre 1 July 1994 member has ceased state service employment and **active** membership of the scheme on or after they have reached their preservation age;

(b) all death benefits that are payable to an eligible surviving partner of a deceased pre 1 July 1994 member;

(c) ill health benefits, where the pre 1 July 1994 member decides to convert all or part of their benefit to a life pension; and

(d) redundancy benefits, where the pre 1 July 1994 member who has not yet reached their preservation age decides to preserve their entire redundancy benefit (100%) in the Fund (see below for details).

Members entitled to benefits in circumstances (a), (b) and (c) above have an immediate right to convert all or part of their benefit to a Contributory Scheme Life Pension calculated using the pension conversion factor of 12. Members must decide at the time of completing their payment instructions if they wish to convert all or part of their benefit to a Contributory Scheme Life Pension calculated using the pension conversion factor of 12.

Access to a pension conversion factor of 12 will be automatically lost if an eligible member fails to convert all or part of the current (Contributory Scheme retirement or redundancy, permanent incapacity or death) benefit to a Contributory Scheme Life Pension using the pension conversion factor of 12.

Any part of the member's Contributory Scheme benefit that is not immediately converted to a Contributory Scheme Life Pension because it is rolled over to another complying super fund or taken as a cash lump sum loses access to the pension conversion factor of 12.

If at a later date, the member wishes to rollover benefits to the Contributory Scheme to purchase a fully funded life pension, that life pension will be calculated using actuarial pension conversion factors rather than a factor of 12.

Redundancy less than preservation age (preserve pension conversion factor of 12)

A pre 1 July 1994 member who is made redundant prior to reaching their preservation age can elect to preserve 100% of the redundancy benefit in the Fund and preserve their right to convert all or part of the balance of their Investment 12 account to a life pension calculated by using the pension conversion factor of 12.

When a member implements this option, the funded component of the redundancy benefit is transferred to the member's Investment 12 account and the unfunded employer share is transferred to the member's CPA 12 account.

When the member reaches their preservation age, the balance of the member's CPA 12 account is funded and transferred to the member's Investment 12 account, where the taxable component will have contributions tax deducted.

The member may choose to:

- immediately convert all or part of the Investment 12 account to a fully funded RBF Life Pension calculated by using the pension conversion factor of 12;
- do nothing and continue to invest 100% of the benefit in the Investment 12 Account. This can remain invested until the member reaches age 70.

The right to use the pension conversion factor of 12 can only be exercised once and it must be exercised first before any other benefit disbursements.

Members will lose access to the pension conversion factor of 12 if any cash lump sum payment or rollover benefits are paid from their Investment 12 Account and CPA 12 Accounts before they have first purchased an RBF Life Pension calculated by using the pension conversion factor of 12.

Example – Preserve redundancy and retain pension conversion factor of 12

The balance of the member's CPA 12 account is funded and transferred to the member's Investment 12 account on the member's 60th birthday giving a total Investment 12 account balance of $600,000. The member has not retired from the workforce and they elect to continue to invest 100% of their benefit in their Investment 12 Account.

- The member retires at the age of 65 at which time the Investment 12 account is $960,000.
- The member elects to convert 75% of their Investment 12 account ($720,000) to a life pension calculated by using the pension conversion factor of 12, this results in a life pension of $60,000 per annum.
- The residual 25% amount of $240,000 must be rolled over to another complying fund or paid as a cash lump sum. No part of the residual 25% lump sum can be used at a later date to purchase a life pension using the pension conversion factor of 12.
- The member would have lost their right to purchase a pension using the pension conversion factor of 12 if they had to rollover $240,000 to a complying fund before electing to purchase the life pension.

Actuarial pension conversion factors (post 94 members)

The actuarial pension conversion factors are used to calculate the Contributory Scheme Life Pensions of post 30 June 1994 members who:

(a) retire or take a redundancy from their state service employer on or after they have reached their preservation age; or

(b) the Commission has determined that the member is suffering from a permanent incapacity and the member subsequently retires from employment with their state service employer; or

(c) the surviving partner of a post 30 June 1994 member who has died whilst employed by a state service employer.

In addition to the Contributory Scheme Life Pension, an eligible member may elect to rollover lump sum benefits they have in other complying super funds to RBF to purchase a fully funded and taxed RBF Life Pension which is calculated using actuarial pension conversion factors (see 'What is the difference between a Contributory Scheme Life Pension and RBF Life Pension' on page 17).

The actuarial pension conversion factors are determined on the advice of the Commission's Actuary. The pension conversion factor that applies to a member is determined by the member's age, gender and whether or not a reversionary or non-reversionary life pension is selected.

The actuarial pension conversion factors are subject to change without notice, please confirm the current factors by calling the RBF Enquiry Line on **1800 622 631** or refer to the RBF Life Pension conversion factors fact sheet on **www.rbf.com.au** prior to making any decisions.

For information on the differences between a reversionary and non-reversionary life pension please see the Dying as a pensioner section on page 13.

Half-yearly pension adjustment

RBF will increase Life Pensions twice a year (first full pay in January and first full pay in July - dependent on commencement date of the pension) in line with movement in the Consumer Price Index (CPI). If the CPI is negative the pension will remain at the same level until the next positive return.

How and when pensions are paid

Pensions are paid directly into pensioner's nominated bank accounts fortnightly and are calculated by dividing the annual amount by 26.

Calculating a Contributory Scheme Life Pension (post 94 members)

Contributory Scheme members who joined after 30 June 1994 may convert all or part of a lump sum benefit to an indexed Contributory Scheme Life Pension using the actuarial pension conversion factors. The pension formula is as follows:

Annual Pension	**= Lump sum × percentage to become a pension ÷ pension conversion factor**

Example

Amanda retired on her 60th birthday and her Contributory Scheme lump sum benefit is $600,000.

If Amanda decided to convert 90% of her total lump sum benefit to a reversionary Contributory Scheme Life Pension, her annual pension would be $26,405.87, and her lump sum will be $60,000. Amanda's pension is calculated as follows:

Annual Pension	**= $600,000 × 90% ÷ 20.45** **= $26,405.87**

Amanda has purchased a reversionary pension. This means that when she dies, her surviving partner will be entitled to a surviving partner pension at the rate of two-thirds of her pension as at the date of her death. This pension is payable for the remaining life of the surviving partner. The surviving partner will also be provided with a once-off opportunity to commute all or part of their surviving partner pension to a lump sum benefit. The surviving partner's opportunity to commute all or part of the surviving partner's pension to a lump sum lasts for 3 months from the Commission determining that the person is the deceased member's surviving partner.

Interim Invalidity pensions

Interim Invalidity means that RBF considers the member is currently unfit to work in any position for which they are qualified by education, training or experience; but it is likely that the member will recover sufficiently to be able to return to work for which they are qualified by education, training or experience.

A member who has been on sick leave without pay for a continuous period of 30 days may be entitled to a pension of up to 75% of the salary they would have received during the previous 12 months, had they continued to be employed. This pension is payable for a maximum of two years, or any shorter period the Commission may determine.

Pension payments stop when the period set for the interim pension expires. The member then either returns to work or is granted a Total and Permanent, a Partial and Permanent Incapacity benefit (pre 94 members only), or the member is taken to have ceased membership of the scheme and is entitled to a resignation benefit.

If a member subsequently recommences duty in their previous position or any other position within any Agency, their Contributory Scheme membership will be reinstated in accordance with the Commission's governing rules.

Total and Permanent Incapacity (Post 30 June 1994 member) (full benefits)

A full benefits contributor who commenced in the Scheme on or after 1 July 1994 who retires as a result of Total and Permanent Incapacity, must take a Contributory Scheme Life Pension and may elect to take $50,000 (before tax) of their benefit as a lump sum and if this is elected, the gross annual Contributory Scheme Life Pension benefit will be reduced.

The contributor may, subject to RBF approval, apply in writing for the release of an additional lump sum up to a maximum of $30,000 (before tax). If such an additional lump sum is released, the gross annual Contributory Scheme Life Pension benefit will be reduced.

Subject to RBF approval, the contributor may also apply in writing for the release of an additional lump sum on compassionate grounds for the following purposes:

(i) to pay for medical treatment, or medical transport, for a medical condition;

(ii) to modify the principal place of residence, or vehicle, to accommodate the special needs of the member's physical or mental capacities;

(iii) to pay for palliative care requirements;

(iv) to meet expenses for any other purpose that the Commission determines is consistent with the needs specifically associated with the member retiring on the grounds of ill health.

The gross (before tax) amount the Commission may approve for release will be determined on an individual basis according to specific needs. If such an additional lump sum is released, the gross annual Contributory Scheme Life Pension benefit will be reduced.

The benefit is calculated as follows:

Lump sum[14]	**FAS(3)** **× contributory service** **× benefit multiple factor** **PLUS** **FAS(3)** **× prospective service** **× 20%**

In this case, prospective service is the period in years from the date of retirement or death to the lesser of:

- age 60; or
- 25 years.

Example

Using the example of Joan on page 12, her gross lump sum benefit is $630,000, and Joan may:

(a) convert all of her benefit to a Contributory Scheme Life Pension; or

(b) convert $580,000 to a Contributory Scheme Life Pension and take $50,000 as a lump sum payment. Joan's lump sum benefit is greater than $50,000 which means she must convert the rest of her benefit $580,000 ($630,000–$50,000) to a Contributory Scheme Life Pension; or

(c) Joan may apply to the Commission for an additional lump sum of $30,000. Assuming that Joan's application for the release of the additional lump sum was accepted and she takes $80,000 of her Contributory Scheme benefit as a cash lump sum, the residual benefit of $550,000 must be converted to a Contributory Scheme Life Pension using the actuarial pension conversion factors. Joan elects to purchase a reversionary life pension using the actuarial pension conversion factor determined by her age and gender giving an annual Contributory Scheme Life Pension of $21,105.14 calculated as follows:

Annual Pension	**= $550,000 × 100% ÷ 26.06** **= $21,105.14**

Total and Permanent or Partial and Permanent Incapacity (Pre 1 July 1994 member) (full benefits)

Schedule 1 Incapacity benefits

A pre 1 July 1994 contributor for full benefits who retires because of Total and Permanent Incapacity or Partial and Permanent Incapacity may elect to receive a pension calculated using this formula:

Pension[15] **100% conversion Schedule 1 to pension is mandatory under this benefit option**	$\dfrac{\textbf{FAS(1)} \times \textbf{benefit multiple factor} \times \textbf{contributory service}}{}$ **PLUS** $\dfrac{\textbf{prospective benefit multiple factor}}{\textbf{12}}$

If you elect to have your Total and Permanent Incapacity or Partial and Permanent Incapacity benefit based on the Schedule 1 incapacity option you will have a once off opportunity to convert all or part of your pension to a lump sum within 6 months of turning 60, 63 or 65. Please contact the RBF Enquiry Line on **1800 622 631** for further details.

14 See page 11 for definitions of FAS(3) and benefit multiple factor in the lump sum benefit formula.
15 See page 11 for definitions of FAS(1) and benefit multiple factor in the pension calculation formula.

Prospective service will depend on the age of the member as at the date of retirement and the date the member first joined the Contributory Scheme.

For members who joined the Contributory Scheme after 1 April 1987, prospective service is calculated up to age 55. In most other cases it continues up to age 60. In the case of Total and Permanent Incapacity, prospective service is calculated to:

- age 60, for police officers contributing immediately before 1 April 1987 and who continued at all times to be such a contributor; or
- age 60, for females who were contributory members prior to 1 July 1982 and who continued at all times to be such a contributor; or
- age 65, for existing contributors contributing immediately before 1 April 1987 and who continued at all times to be such a contributor; or
- age 55, in the case of any other existing contributor.

Example – Partial and Permanent Incapacity (Pre 1 July 1994 member)

After 35 years' service, Murray at age 55 retired in 2021 on the grounds of Partial and Permanent Incapacity. At the time of retirement Murray's FAS(1) was $100,000. Because he joined before 1 April 1987, his prospective service continues to age 60, giving a total of 5 years prospective service. His contributions have always been at the basic rate, so his benefit multiple factor is 20%.

Murray's annual pension is $66,666.67 calculated as follows:

Pension	$\frac{\$100,000 \times 35 \times 0.20}{12}$ **PLUS** $\frac{\$100,000 \times 5 \times 0.20}{12}$
Total	**= $66,666.67**

Example – Total and Permanent Incapacity (Pre 1 July 1994 member)

If Murray had retired on the grounds of Total and Permanent Incapacity his prospective service (for the purpose of calculating the Schedule 1 pension) would have continued to age 65, giving him total prospective service[16] of 10 years. Based on Total and Permanent Incapacity Murray's annual pension would be $75,000 calculated as follows:

Pension	$\frac{\$100,000 \times 35 \times 0.20}{12}$ **PLUS** $\frac{\$100,000 \times 10 \times 0.20}{12}$
Total	**= $75,000**

Pre 1 July 1994 members

This section only applies to pre 1 July 1994 members who were contributing to the Contributory Scheme as at 30 June 1994 and have continued as members of the Contributory Scheme since that date.

The rights and benefits enjoyed by members of the Fund who were admitted prior to 1 July 1994 are protected. Under the benefit protection rules, a pre 1 July 1994 member can elect to have their Contributory Scheme benefit calculated in accordance with current scheme governing rules or former scheme governing rules which were in the *Retirement Benefits Act 1982* (repealed Act).

When members cease employment they will be provided with the full range of available benefit options to choose from. In practice, the benefit comparison is made when members retire or accept a redundancy from their state service employer on or after reaching preservation age. In these circumstances, the member may choose to have their benefits calculated in accordance with:

1. **Current scheme governing rules,** in which case the pre 1 July 1994 member can choose to convert all or part of their benefit to:

   (a) a Contributory Scheme Life Pension which is calculated by using the **pension conversion factor of 12.**

   (i) The gross life pension is calculated as the member's final average salary FAS(3) times the member's accrued benefit multiple times the member's pension conversion percentage (percentage of retirement benefit to be converted to pension), **divided by 12**.

   Or

   (b) a Contributory Scheme Life Pension calculated in accordance with **Schedule 1**.

   (i) The Schedule 1 life pension is calculated by using the member's final average salary FAS(1) rather than FAS(3).

   (ii) An early retirement penalty may apply if the member is less than 60 and their ABMF is less than 8.

   (iii) The gross Schedule 1 life pension is calculated as the member's final average salary FAS(1) times the member's accrued benefit multiple times the member's early retirement penalty (if applicable) times the percentage of retirement benefit to be converted to pension, **divided by 12**.

   (iv) A member who elects to take a Schedule 1 Life pension may also qualify for the payment of their former SAF benefit (refer to Superannuation Accumulation Fund section on page 22 for more details).

16 For the purpose of this example, the prospective service calculation assumes Murray is not a police officer. See page 12 for information on prospective service.

2. **Regulation 102/Former scheme rules** in which case the benefits are calculated in accordance with the repealed Act.
   (i) The primary repealed Act benefit is a life pension which may be commuted in whole or in part to a lump sum payment.
   (ii) The **maximum** Contributory Scheme Life Pension under the repealed Act is restricted to two thirds of the member's final average salary (no maximum applies to the pensions in 1(a) and 1(b) on page 21).
   (iii) An early retirement penalty may apply if a member is less than 60 and their retirement pension is less than two thirds of their final average salary.
   (iv) Benefits are calculated on the basis of four contribution rates, 2.5%, 5%, 8% and 11%. Contributions made in excess of the allowable contribution rates for this benefit are refunded together with interest.
   (v) **Overtime is excluded** from the calculation of final average salary FAS(1) under the repealed Act. (Overtime is included in the calculation of benefits in 1(a) and 1(b) on page 21).
   (vi) The amount and calculation of any commuted lump sum varies according to whether or not the member wishes to commute less than 50% of the pension to lump sum or the member wishes to commute more than 50% of their pension to a lump sum. These two different scenarios have different lump sum calculation methodologies.
   (vii) If the member commutes less than 50% of their pension to a lump sum, their lump sum is equal to:
      - Pension forgone multiplied by the member's age based pension commutation factor.
   (viii) If the member commutes more than 50% of their pension to a lump sum, their lump sum is equal to:
      - 2.5 times basic contributions and interest plus any excess contributions and interest at the contribution rates of 8% and 11% of salary
      - multiplied by the member's pension commutation percentage.
   (ix) The SAF benefit and any excess regulation 102 contributions are paid in addition to any lump sum amount calculated at vii and viii above.
   (x) A separate regulation 102 benefit multiple is used for the purposes of calculating benefits under the repealed Act. The accrual rates that apply to the regulation 102 benefit multiple are specific to the repealed Act.

Schedule 1 life pension calculation

A pre 1 July contributor who retires on or after reaching preservation age, and elects to have their pension calculated in accordance with Schedule 1 is eligible for an annual pension calculated as follows:

Pension[17]	**FAS(1)** **× contributory service** **× benefit multiple factor** **× % of benefit being converted to pension** **× early retirement penalty**[18] **÷ 12**

Superannuation Accumulation Fund (SAF) lump sum

Under the anti-detriment provisions, pre 1 July 1994 members may be eligible to be paid their former SAF benefit calculated at 30 June 1994 which has been indexed at the greater of movements in the Consumer Price Index or Average Weekly Ordinary Time Earnings.

The SAF benefit is only payable if the lump sum payable under the current scheme is less than the corresponding benefit that would have been payable under the former scheme. The total lump sum under the previous scheme includes the indexed SAF benefit accrued to that date. RBF has records of SAF benefits as at 30 June 1994 and adjusts it for the greater of movement in the Consumer Price Index or Average Weekly Ordinary Time Earnings.

Retirement or redundancy on or after reaching preservation age and before age 60 (Schedule 1 life pension)

Example

Mike retires on his 58th birthday after 35 years of full-time employment with his employer. He has:

- contributed at 5%, so his benefit multiple factor is 20%;
- a FAS(3) of $100,000;
- a FAS(1) of $105,500;
- 35 years of contributory service; and
- an early retirement penalty of 8% which will apply to his Schedule 1 life pension calculations.

17 See page 11 for definitions of FAS(1) and benefit multiple factor in the pension calculation formula.
18 Under former scheme rules members with a retiring age of 65 who retired between age 55 and before age 60 had an early retirement penalty of 1% for every three months (or part thereof) before the date the member would have reached age 60. The penalty is incurred if the member's life pension is less than two-thirds of the member's final average annual salary in the year immediately before retirement. A member who retired on their 55th birthday whose pension benefit is less than two-thirds of average salary would incur an early retirement penalty of 20%.

Mike's lump sum retirement benefit is $700,000, calculated as follows:

Lump sum	**FAS(3)** **× contributory service** **× benefit multiple factor** **× % to be taken as a lump sum** therefore = $100,000 × 35 × 0.20 **= $700,000**

If Mike takes all of his retirement benefit as a life pension calculated in accordance with the current scheme rules his annual life pension is $58,333, calculated as follows:

Annual pension Regulation 61	**Lump sum** **× % to be become pension** ÷ 12 therefore = $700,000 × 100% ÷ 12 **= $58,333**

If Mike takes a 100% pension calculated in accordance with Schedule 1 his annual pension is $56,618, calculated as follows:

Annual pension Schedule 1	**FAS (1)** **× contributory service** **× benefit multiple factor** **× % to be taken as a pension** **× early retirement penalty** ÷ 12 therefore = $105,500 × 35 × 20% × 100% × (1 – 8%) ÷ 12 **= $56,618**

In this example Mike's Schedule 1 pension is less due to the 8% early retirement penalty (any early retirement penalty will cease on a member's 60th birthday).

Retirement on or after reaching age 60 (Schedule 1 life pension)

Example

Ann retires on her 61st birthday after 40 years of full-time employment with her employer. She has:

- contributed at 5% for 35 years, so her benefit multiple factor is 20% for this period;
- contributed at the rate of 15% of salary for 5 years, so her benefit multiple is 31.50% for this period;
- a FAS(3) of $100,000; and
- a FAS(1) of $105,000.

Ann's lump sum retirement benefit is $857,500, calculated as follows:

Lump sum	**FAS (3)** **× contributory service** **× benefit multiple factor** **× % to be taken as a lump sum** therefore = {$100,000 × [(35 × 20%) + (5 × 31.50%)]} × 100% **= $857,500**

If Ann takes all of her retirement benefit as a life pension calculated under the current regulations her annual life pension is $71,458, calculated as follows:

Annual pension Regulation 61	**Lump sum** **× % to be become pension** **÷ 12** therefore = $857,500 × 100% ÷ 12 **= $71,458**

If Ann takes a 100% pension calculated in line with Schedule 1, her annual pension is $75,031, calculated as follows:

Annual pension Schedule 1	**[FAS(1)** **× contributory service** **× benefit multiple factor** **× percentage to be taken as a pension** **× (1–early retirement penalty)]** **÷ 12** therefore = {$105,000 × [(35 × 20%) + (5 × 31.50%)]} × 100% × (1 – 0%)] ÷ 12 **= $75,031**

If Ann was to take a pension calculated under the previous scheme rules then her pension will be limited to two thirds of final average salary or an annual pension of $70,000.

Redundancy from age 60 to 65 (under anti-detriment provisions)

A member who accepts a redundancy between the age of 60 and 65 is entitled to an additional benefit whereby their full-time equivalent service is projected from their final date of service to the date they would have reached age 65 as follows:

Lump sum Redundancy 60 to 65	= FAS(3) × contributory service × benefit multiple factor **Plus** FAS(3) × prospective service to age 65 × 20%

Example

Allan takes a redundancy at age 60. He has:

- contributed at the rate of 5%, so has a benefit multiple factor of 20%;
- a FAS(3) of $90,000;
- 30 years of contributory service; and
- 5 years of prospective service.

Allan has a lump sum of $630,000, calculated as follows:

Lump sum	($90,000 × 30 × 20%) + ($90,000 × 5 × 20%) **= $630,000**

If Allan takes all of his redundancy benefit as a life pension calculated in line with regulation 61(3) of the current regulations his annual life pension is $52,500, calculated as follows:

Annual pension Regulation 61 (3)	**Lump sum** **× percentage to become pension** **÷ 12** therefore = $630,000 × 100% ÷ 12 **= $52,500**

If Allan's FAS(1) was $95,000 and he elects to take all of his redundancy benefit as a life pension calculated under Schedule 1 his annual life pension is $47,500, calculated as follows:

Annual pension Schedule 1	= [($95,000 × 30 × 20%)] ÷ 12 **= $47,500**

Power to vary pensions and lump sums

The anti-detriment rules allow a pre 1 July 1994 member who is made redundant, to elect to take a benefit calculated in accordance with the former scheme rules as specified by the repealed *Retirement Benefits Act 1982*. In such circumstances the member forgoes the benefits payable under current scheme rules for the benefits calculated in accordance with the former scheme rules (including any SAF balance applicable).

Example

John is 54 when he takes a voluntary redundancy. He has:

- 32 years of full-time contributory service;
- always contributed at the rate of 5% and has a benefit multiple factor of 20%;
- a FAS(3) of $100,000;
- a balance of $200,000 in his Basic Member account (notional member contributions); and
- a balance of $20,000 in his SAF account.

John's lump sum benefit under the former scheme rules (3.5 × contributions and interest plus SAF balance) produced a higher lump sum than the benefit under the present scheme. At John's request RBF paid him $720,000, the higher of the two.

Current scheme rules	= FAS(3)[19] × contributory service × benefit multiple factor = $100,000 × 32 × 20% **= $640,000**

OR

Former scheme rules (Regulation 102)	= 3.5 contributions and interest + SAF balance = 3.5 × $200,000 + $20,000 **= $720,000**

19 See page 11 for definition of FAS(3).

Managing the Contributory Scheme

The Superannuation Commission as trustee

As the Trustee of the Retirement Benefits Fund, the Superannuation Commission manages the Contributory Scheme to provide benefits on retirement and other forms of separation for members, their beneficiaries, or representatives.

In doing so, and in respect of the Contributory Scheme, it is bound by the *Public Sector Superannuation Reform Act 2016*, Public Sector Superannuation Reform Regulations 2017 and any other applicable laws of Tasmania and the Commonwealth.

Resolving service and salary questions

If there are questions regarding the nature or length of a member's service, or about whether a payment should be regarded as salary, the matter is determined by the Commission.

Invalidity rulings

If a member has a bodily infirmity or a physical or mental incapacity which warrants retirement on the grounds of invalidity, the member's eligibility for an invalidity benefit will be determined by the Commission. If the Commission decides that a member may recover sufficiently to return to work after a period of incapacity, it may grant an Interim Invalidity pension for the time off work. **A member should not resign until they have accepted the outcome of any RBF ill health benefit application**.

Reinstatement of member rights, privileges or benefits

There is a discretion to reinstate lost rights where the Commission determines a member has lost a right other than through their own fault.

A right to be heard

In certain circumstances, members have the right to appear and be heard before the Commission. In a hearing, the Commission may request additional information, including medical reports.

Further information

Member Benefit Statements

Member Benefit Statements are issued annually, and these provide benefit estimates and account details for Contributory Scheme memberships as at the end of the financial year.

Other brochures and booklets

Fact sheets on individual topics are available from the RBF website at **www.rbf.com.au** or alternatively please contact the RBF Enquiry Line on **1800 622 631** to obtain a copy.

Pre-retirement interviews

An appointment for a free pre-retirement interview can be arranged by phoning the RBF Enquiry Line on **1800 622 631**.

RBF will also supply pre-retirement information to members in writing but we will not provide this information to a third party without a member's written consent.

Website access

Members can obtain further details on their benefit amount, personal details, any contributions made and beneficiary details by visiting the MemberAccess website at **www.rbf.com.au**.

Contacting **RBF**

Contact RBF if you would like additional information or assistance.

RBF Enquiry Line:	1800 622 631 or +61 2 8571 6868 (international)
Visit:	www.rbf.com.au
Write:	RBF, Reply Paid 89418, PARRAMATTA NSW 2124
Email:	RBF.enquiries@treasury.tas.gov.au
Office:	Ground Floor, 21 Kirksway Place, Hobart Level 3, Henty House 1 Civic Square Launceston

1365.6 07/24 ISS7

1365.6 (V11 07/24) Issued by the Superannuation Commission (ABN 96 573 090 182) as trustee of the Retirement Benefits Fund (ABN 51 737 334 954)