Contributory Scheme

Member Booklet

Information in this brochure is current as at 20 February 2018

Contents

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If you would like general information about your super you can make an appointment with one of RBF's Superannuation Consultants, simply contact the RBF Enquiry Line on **1800 622 631**.

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Welcome to the Contributory Scheme

The Contributory Scheme is a defined benefits super scheme which is managed by a single corporate trustee, the Superannuation Commission (Commission).

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

Contributory Scheme membership

Permanent employees

Permanent Tasmanian public sector 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 were not required to contribute to the Contributory Scheme before 1 July 1994, but could elect to do so.

Permanent employees who, immediately before 1 April 1987, did not contribute because they had failed a medical examination have the choice of contributing or remaining exempt.

Temporary employees

Temporary employees have been able to join the Contributory Scheme since 1974, provided they could satisfy the relevant eligibility requirements.

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 exercise a right of election. Given the timeframes referred to in the previous paragraph, the latest date that a temporary employee could be admitted to the Contributory Scheme was 14 May 2002.

Contract employees

Contract employees have been able to join the Contributory Scheme since 1982 provided they could satisfy the relevant eligibility requirements.

Generally, from 1 July 1994, a person employed by an Agency under a prescribed contract of employment (an employment contract with a minimum term of 3 years) which did not make provision for alternative superannuation arrangement, could elect to join the Contributory Scheme within 12 months of becoming eligible or any extended time allowed by the Commission.

Permanent part-time employees and married female employees

Certain permanent part-time and married females may elect by notice in writing to the Commission to join the Contributory Scheme. To be eligible the following requirements must be satisfied.

Permanent part-time employees

To be eligible to join the Contributory Scheme a permanent part-time employee must:

- have been continuously employed in a permanent part-time capacity in the Tasmanian public sector from before 1 July 1994; and
- not have previously elected to contribute to the Contributory Scheme.

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 public sector before 1 July 1982; and
- have been continuously employed since that date.

Inward portability of benefits

As a member of the Contributory Scheme, you may use all or part of your benefit you have accrued in another super scheme to improve your retirement benefit by rolling that benefit into the Contributory Scheme.

Members may roll money in from other super funds in order to pay for the cost of purchasing service or to upgrade their contribution rate to a higher rate. Alternatively, these monies can be used to purchase an RBF Life Pension.

Exemptions from membership

An exemption from membership of the Contributory Scheme can be gained by notifying the Commission in writing including a written release from any further liability under the Public Sector Superannuation Reform Regulations 2017.

Exemption may also be sought by:

- married women who began continuous employment before 1 July 1982 and who currently contribute; and
- contributors who formerly were permanent employees, but whose employment status changes to temporary.

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
- is entitled to a lump sum benefit under Regulation 38 of the Public Sector Superannuation Reform Regulations 2017.

Persons employed under a prescribed contract of employment[1] whose contracts make provision for alternative super arrangements, are not permitted to retain membership.

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

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 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 fails the medical examination, the member will be restricted to limited benefits for death and incapacity cover until they successfully complete 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.

[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.

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 2.5% 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 currently available contribution rates and their corresponding benefit multiple factor.

Employee contribution % of salary	Benefit multiple factor[2] as % of FAS(3)[3] or FAS(1)[4] for pre 1 July 1993 service	Benefit multiple factor as % of FAS(3) or FAS(1) for post 1 July 1993 service
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

(2) A member's accrued benefit multiple factor (**ABMF**) is determined by their contribution rate(s) and length of full time equivalent service during which the member paid the same contribution rate. For example if a fulltime employee contributes to the Scheme at the basic rate of 5% of salary for 5 years, their accrued benefit multiple will increase by 1 (5 x 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 x 31.50%).

(3) FAS(3) is your Final Average Salary ("salary" is defined in the Public Sector Superannuation Reform Regulations) over your last three years in the public sector workforce.

(4) FAS(1) is the Final Average Salary over your final year in the public sector workforce.

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

After tax or before tax 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 public sector employer. 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.

Before tax salary sacrifice contributions are employer superannuation contributions and are subject to 15% contributions tax. Contributions paid via salary sacrifice will need to be grossed up to cover the payment of 15% contributions tax. This is necessary to ensure, that the net contributions paid are equal to the contributions the member would have paid had they made contributions from after-tax income.

Contributions paid from a members 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.

Members who salary sacrifice are required to pay contributions at an adjusted contribution rate to allow for the 15% contributions tax as noted above. The table below shows the salary sacrifice equivalent contribution rate.

After tax contribution rate % of salary	Salary sacrifice contribution rate % of salary
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.

Note: Members who have reached 65 years of age and continue to work at least 10 hours a week may elect not to contribute. A member who has reached 65 years of age and works less than 10 hours a week is not permitted to contribute.

Reduction in contribution rate

A member who elects to contribute in excess of 5% of salary (or 5.882% of salary if contributing salary sacrifice contributions) may elect at any time to reduce their contribution rate. The reduced contribution rate cannot be less than the minimum contribution rate of 5% of salary (or 5.882% of salary if contributing salary sacrifice contributions).

Contributions while on leave

Members who take any leave with full pay must continue to contribute to the scheme.

Sick leave

Members on sick leave without pay, or sick leave on less than full pay are required to maintain their contributions. 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 and may include the payment of interest on those contributions.

Parental leave

Any period not exceeding 12 months on any one occasion of unpaid maternity, paternity or adoption leave is classified as parental 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 sick leave.

Members on parental leave may also choose not to pay contributions. A member who does not make a formal election in writing to pay contributions will be taken to have elected not to pay contributions while on parental leave. If a member does not, or chooses not to pay contributions, the relevant period of leave will not be recognised as service for benefit calculation purposes.

However, the period of leave may be purchased at full actuarial cost (present value of the additional benefit), at any time whilst the member is a Tasmanian public sector employee.

Other leave

If a member takes leave without pay for more than 20 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 (present value of the additional benefit), at any time whilst the member is a Tasmanian public sector employee.

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

Contributions by seconded employees

A member seconded to a position outside the Tasmanian State public sector 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.

Buying service

Members may be able to increase their end benefit by 'buying' certain periods of service. Service may be purchased if the member:

- immediately before becoming a contributor the member was a student teacher, cadet, apprentice or trainee in a State Agency; or
- immediately before 1 July 1982, the member had continuous permanent full-time service in an Agency for which contributions were not made; or
- the member's service includes periods of leave without pay for more than 20 continuous days and/or parental leave for which the member has not made contributions; or
- the member's service has been reduced by service penalties imposed under the previous public sector super scheme; or
- was previously a member of the Contributory Scheme but had ceased to be a member; or
- was a married female employee who had elected not to pay contributions or had not been obliged to make contributions; or
- was previously exempt from making contributions to the previous public sector scheme.

To 'buy' recognition of all or part of any of the above types of service the member must request to purchase service, execute a deed and make a lump sum payment within 30 days. The amount payable is based on actuarial factors and represents the present value of the additional benefit.

Upgrading your rate of contribution

Members can increase their benefit multiple factor (see definition on page 3) by increasing their contribution rate for future service or by upgrading past service to a higher contribution rate.

Members may elect, at any time, 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.

Members wishing 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.

Members must request to increase their contribution rate, execute a deed and make a lump sum payment within 30 days. This will then increase their past contribution rate to a higher contribution rate. The amount payable is based on actuarial factors and is equal to the present value of the additional benefit the member will obtain from having the past contributory service increased to a higher contribution rate.

Refer to the fact sheet "Contributory Scheme – Upgrades, purchase of service and service penalty" for more information.

Contribution tax and contribution limits

Compulsory 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 to the amount of concessional and non-concessional contributions that can be paid into super. 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 contribution cap if the member's notional taxed contributions for a financial year exceed the concessional contributions cap.

The concessional contributions cap for the 2017-2018 year is $25,000. Excess concessional contributions are included in a member's assessable income and are taxed at marginal tax rates.

Refer to the factsheet "Contributory Scheme – Calculating notional taxed contributions" for more information.

Non-concessional contributions

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

For the 2017-2018 financial year the non-concessional contributions cap is $100,000. Members who are less than 65 may, if they have not already done so, trigger the "bring forward rule" and bring forward the payment of up to $300,000 of non-concessional contributions over 3 financial years (2017-2018 to 2019-2020).

The non-concessional contributions cap for members aged 65 to 70 is $100,000.

Members who exceed their non-concessional contributions cap may be liable for the payment of excess non-concessional contributions tax at their highest marginal tax rate plus the Medicare levy. In addition to the payment of excess contributions tax members may also be liable for the payment of penalty interest.

Purchasing service and the non-concessional contributions cap

Members who wish to purchase periods of non-contributory service or upgrade periods of past contributory service to a higher contribution rate may need to consider the impact that the additional non-concessional contribution to purchase the service could have on their non-concessional contributions cap. These members may need to consider other options which will not impact their cap such as the rollover of benefits from other super funds.

Member accounts

Member contribution account

A separate contribution account exists for each member of the Contributory Scheme. Contributions and interest (calculated at the Scheme earning rate) are credited to the account, less any death and incapacity premiums or taxes.

RBF Investment 12

RBF Investment 12 accounts are accounts that were previously created when the employee component of a Contributory Scheme redundancy benefit was transferred to the members' former RBF Tasmanian Accumulation Scheme account. As this scheme no longer exists, all Investment 12 accounts are a part of the Contributory Scheme. On or after reaching preservation age, an eligible member has a once-off right to use all or part of their RBF Investment 12 account to purchase a fully funded life pension calculated using the protected pension conversion factor of 12. Members cannot pay additional contributions or rollover funds to increase the value of the pension. There is no minimum pension purchase price; the maximum purchase price is the RBF Investment 12 Account balance.

Contributory Scheme CPA

By law, the unfunded employer component of a Contributory Scheme resignation or redundancy entitlement 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 attracts interest which is credited weekly at a rate which is the greater of the Consumer Price Index and Average Weekly Ordinary Time Earnings.

Benefits in the Contributory Scheme CPA cannot be transferred or rolled over as they are unfunded. The member's former employer will fund the balance of the member's CPA on the day the member attains their preservation age.

The CPA may be funded before a member reaches their preservation age in the event of death, terminal illness or total and permanent incapacity. Applications for the early release of a member's CPA benefit on these grounds are subject to eligibility criteria and medical assessment.

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 your preservation age.

Date of birth	Preservation age
After June 1964	60
After June 1963 and before July 1964	59
After June 1962 and before July 1963	58
After June 1961 and before July 1962	57
After June 1960 and before July 1961	56
Before July 1960	55

Deductions for Death and Incapacity cover

Each member under age 60 has a premium deducted from his or her Contributory Scheme account for Death and Incapacity cover. The premium rate is set with effect from 1 October each year.

Calculating your lump sum

When benefits are payable

The benefit of a Contributory Scheme member is calculated at the time the member leaves the public sector. The payment options vary according to the reason why the member has ceased employment and their age as at the date of ceasing employment.

The Contributory Scheme provides for the payment of:

1. Retirement and redundancy benefits where a member ceases employment (retires or takes a redundancy) with their public sector employer on or after attaining their preservation age. Members may elect to convert all or part of the lump sum entitlement to a Contributory Scheme life pension.
2. A resignation benefit is payable where a member resigns from their employment with their public sector employer before attaining their preservation age.
   (a) The employer share of resignation benefit is unfunded immediately and the entire amount of the unfunded employer component is transferred to a member's Contributory Scheme Compulsory Preservation Account (CPA).
3. A redundancy benefit is payable where a member ceases employment as a result of a redundancy with their public sector employer before attaining their preservation age. Members may choose from the following options:

(a) Access prescribed amount in which case all or part of the employer share of redundancy benefit will be immediately payable; or

(b) A pre 1 July 1994 member can preserve all their redundancy entitlement in the fund in order to retain access to the pension conversion factor of 12 in which case the entire unfunded employer share is transferred to the member's Contributory Scheme CPA 12 account and the funded component is transferred to the member's Investment 12 Account.

4. The insured component of Contributory Scheme death and incapacity benefits can only be accessed by members who have at all relevant times during the assessment of an incapacity claim remained a public sector employee.

   (a) Members should not cease employment until they know and accept the outcome of their claims assessment because all insurance cover ends on cessation of public sector employment.

   (b) When accessing a claim for incapacity benefits the Commission may determine that the member satisfies the eligibility criteria for the payment of

   - an Interim Incapacity pension; or
   - a Total and Permanent Incapacity benefit; or
   - a Partial and Permanent Incapacity pension (pre 1 July 1994 members only); or
   - a Terminal illness benefit.

5. A death benefit is payable if a Contributory Scheme member dies.

6. If a Contributory Scheme life pensioner dies and their surviving partner is entitled to a reversionary life pension (the member must have originally purchased a reversionary life pension), the surviving partner is entitled to a life pension at the rate of 2/3rds of the deceased member's life pension as at the date of death and the surviving partner may within a specified timeframe commute all or part of their life pension to a lump sum.

How is the defined benefit calculated?

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

Lump sum	= FAS(3) x ABMF
FAS(3)	**FAS(3)** is the members final average salary (full-time equivalent salary) calculated over the last 3 years of membership
ABMF	**ABMF** is the member adjusted benefit multiple factor. **ABMF** = sum of (Service x Employment % x Benefit Multiple Factor) For each unique period of contributory service where the contribution rate, benefit multiple factor and employment % are constant: • multiply the members contributory service (for a 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 the period where 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 is the length of contributory service calculated in years. Employment % is the member's full-time equivalent service for a particular period of contributory service. 100% indicates fulltime employment. Benefit Multiple Factor is the rate that corresponds to the member's contribution rate for the specified period of service.

Salary for benefit calculation purposes

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
- 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.

Generally, the salary that is used to calculate member benefits is the member's final average annual salary received during the three years immediately prior to resignation, redundancy, retirement, total and permanent incapacity or death. This 'average annual salary' is expressed as FAS(3). 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) may be able to be used in the calculation of resignation benefits for members who have less than 5 years contributory service, total and permanent incapacity benefits for pre 1 July 1994 members and Schedule 1 life pension calculations for pre 1 July 1994 members.

Service and salary for part-time members

For benefit calculation purposes, part-time service is adjusted to an equivalent period of full-time service. In the event the member is employed in a part-time capacity during the final three years of service, the salary used for benefit calculation purposes is the salary the member would have received if employed in a full-time capacity.

Reduction in salary

A member whose salary is reduced may apply in writing to the Commission to continue to contribute to the Contributory Scheme on the basis of their former higher salary. Members must make their application within 12 months of the reduction in salary.

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

- participation in an accumulated leave scheme;
- a change in part-time employment percentage; or
- a change in designated hours of employment.

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;
- start date of the maintained fortnightly salary;
- amount of any contribution arrears;
- amount of any 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)).

Other than in the case of a member subsequently participating in an accumulated leave scheme, changing their employment percentage or designated hours of work, 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.

Benefits on retiring after preservation age

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

Lump sum[5]	**FAS(3)** **x contributory service** **x benefit multiple factor**

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

Example A

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

- contributed at 5%, so has a benefit multiple factor of 20%;
- a FAS(3) of $80,000; and
- 35 years contributory service.

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

Lump sum	$80,000 x 35 x .20 = $560,000

Example B

If Simon had contributed for 30 years at 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	$80,000 x 30 x .20 = $480,000
Total	**PLUS**
	$80,000 x 5 x .2375 = $95,000
	= $575,000

Benefits on redundancy

Before preservation age

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

Lump sum[6]	**FAS(3)** **x contributory service** **x benefit multiple factor**

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

A member who elects to take redundancy before preservation age may choose to access the prescribed amount of their benefit (the amount to be rolled over to another complying fund or cashed) or preserve their entitlement in the fund until they reach their preservation age.

If the member decides to access the prescribed amount of their benefit, they are entitled to the lesser of the following amounts:

(a) the total lump sum; or

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

Where the total lump sum is the greater of these two amounts, the excess must be preserved in a Contributory Scheme Compulsory Preservation Account (CPA) on behalf of the member.

Example

Nick, 50, has accepted a redundancy offer. He has:

- always contributed at 5%, so has a benefit multiple factor of 20%;
- an account balance of $90,000;
- a FAS(3) of $80,000; and
- 25 years contributory service.

Nick has a lump sum redundancy entitlement of $400,000 calculated as follows:

Lump sum	$80,000 x 25 x .20 = $400,000

Option 1 – Access prescribed amount

Nick has a basic account balance of $90,000. If he decided to access the prescribed amount, he would be entitled to take a lump sum of $315,000 calculated as follows:

Prescribed amount	$90,000 x 3.5 = $315,000

The difference between the total lump sum Nick is entitled to receive and the transferrable amount is $85,000 ($400,000 less $315,000 = $85,000). This represents the residual employer share which must be preserved in Nick's Contributory Scheme CPA until Nick reaches preservation age and retires from the workforce.

Option 2 – Preserve entitlement in fund and retain access to the pension conversion factor of 12

As Nick is a pre 1 July 1994 member, Nick 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 attained his preservation age.

If Nick chose to preserve his redundancy entitlement in the Fund to retain access to the pension conversion factor of 12, an amount of $62,000 would be transferred to his Investment 12 account and the unfunded employer component of $338,000 would be transferred to his CPA 12 account.

Nick's former employer will fund the balance of his CPA 12 account when he attains his preservation age. Once funded, the balance is then transferred to his 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 or rollover his Investment 12 and CPA 12 accounts until he:

1. has attained his preservation age;
2. satisfies the eligibility criteria for the release of benefits on the grounds of permanent incapacity or terminal illness; or
3. dies.

In either of these circumstances Nick or his surviving partner will have a once-off right to convert all or part of his entitlement to a RBF Life Pension, calculated using 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 'Benefits on retiring after preservation age' section described on page 8.

Member over age 60 but under age 65

A member over age 60 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[7]	**FAS(3)** **x contributory service** **x benefit multiple factor** **PLUS** **FAS(3)** **x prospective service to 65 years** **x 20%**

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

Example

Allan retired compulsorily at 60. He has:

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

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

Lump sum	$90,000 x 25 x .20 = $450,000
Total	**PLUS**
	$90,000 x 5 x .20 = $ 90,000
	= $540,000

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 entitlement calculated as follows:

Lump sum[8]	**FAS(3)** **x contributory service** **x benefit multiple factor** **PLUS** **FAS(3)** **x prospective service** **x 20%**

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

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 11.

Example

Ill health forces Joan to retire at 35, after 17 years' service. Joan had:

- contributed at 5% , so has a benefit multiple factor of 20%;
- 25 years prospective service (maximum allowed) 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 x 17 x .20 = $225,000
Total	**PLUS**
	$75,000 x 25 x .20 = $375,000
	= $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 entitlement calculated as follows:

Lump sum[9]	**FAS(3)** **x contributory service** **x benefit multiple factor** **PLUS** **FAS(1)** **x prospective service to 60** **x Superannuation Guarantee rate**[10]

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

[10] Superannuation Guarantee rate is the minimum employer contribution permitted under Commonwealth law.

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
- a current Superannuation Guarantee rate of 9.5%.

Anne's lump sum is $254,500 calculated as follows:

Lump sum	$70,000 x 8 x .20 = $112,000
Total	**PLUS**
	$75,000 x 20 x 9.5% = $142,500
	= $254,500

Note: Where a member retires due to Total and Permanent Incapacity and their lump sum benefit exceeds $50,000, they may apply in writing to the Commission for the release of $50,000 as a lump sum plus an additional lump sum of up to a maximum of $30,000 (subject to the Commission's discretion). The remainder of the benefit must be taken as a pension.

If before the pension commences, two doctors certify that the member is terminally ill and death is likely to occur within 12 months, then the member may take the full benefit as a lump sum.

If a member applies for an Invalidity or Incapacity benefit they should not resign or retire until they know and accept the outcome of their application.

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' next.

Who is eligible to receive Death benefits?

A death benefit is payable if a Contributory Scheme member dies.

A pension or lump sum Death benefit is paid to your surviving partner unless:

- RBF considers your surviving partner is incapable of administering his or her own affairs or you have elected in writing for RBF to pay the benefit to your estate; or
- if you do not have a surviving partner, a lump sum Death benefit is payable to your registered carer, or if you do not have a registered carer, to your estate.

Surviving partner means the spouse of an RBF 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 RBF member's death:

- living with the RBF member on a genuine domestic basis and receiving significant financial support from the member; or
- if there is no such person, a person who was living with the member on a genuine domestic basis; or
- if there is no such person, a person who was not living with the member on a genuine domestic basis but was in receipt of significant financial support from that 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*.

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 two-thirds of the pension the member was being paid); or
- a 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.

If the 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 you die while you are receiving a reversionary Contributory Scheme Life Pension and you do not have a surviving partner your Contributory Scheme Life Pension will end.

Benefits on resignation or dismissal

Five or more years Contributory Scheme membership

A member under his or her 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[11]	**FAS(3)** **x contributory service** **x benefit multiple factor**

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

Example

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

- contributed for 25 years at 5%; and
- a FAS(3) of $80,000.

Michelle's lump sum is $400,000, calculated as follows:

Lump sum	$80,000 x 25 x .20 = $400,000

An amount of $338,000 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 CPI or AWOTE.

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

- the date Michelle attains 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 is $62,000 ($400,000 less $338,000). This benefit can be rolled over to a complying super fund nominated by Michelle. If Michelle does not nominate a fund, her benefit will then be transferred to the default eligible rollover fund.

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[12]	**Balance of contributor's account + SG Notional Account balance (NCSB)[13]**

OR

Formula 2	
Lump sum[13]	$$\frac{\textbf{([FAS(3) x contributory service x 15\%] x N}^{14}\textbf{)} + \textbf{balance of contributor's account}}{\textbf{1,825}}$$

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

[13] NCSB is the employer component and interest rate that would have been payable as defined in Regulation 38(4).

[14] N = contributor's service in days.

When benefits are paid

RBF aims to pay benefits as soon as possible. Benefits are generally paid within 10 business days of the Commission receiving your completed and valid payment instructions.

Contributory Scheme Life Pension conversion factors

(a) Pension conversion factor of 12

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

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

- all retirement and redundancy entitlements where the pre 1 July 1994 member has ceased public sector employment and active membership of the scheme on or after attaining their preservation age;
- all death entitlements of pre 1 July 1994 members where a death benefit is payable to the deceased's surviving partner;
- invalidity entitlements, where the pre 1 July 1994 member decides to convert their benefit to a pension; and
- Investment 12 accounts and CPA 12 accounts are created if a former pre 1 July 1994 member has been made redundant prior to reaching their preservation age and has elected to preserve their contributory redundancy entitlement in the fund until they reach their preservation age and retire from the workforce. The employer share of the redundancy benefit is transferred to the member's CPA 12 account. When the member reaches their preservation age the balance of the CPA 12 account is then funded and transferred to the member's Investment 12 account. A once off deduction for contributions tax is then applied.

Eligible pre 1 July 1994 members (including a surviving partner of such eligible members) who have the right to convert all or part of their entitlement to a Contributory Scheme Life Pension using the pension conversion factor of 12 must decide immediately when completing their payment instructions if they wish to convert all or part of their entitlement to a Contributory Scheme Life Pension.

Access to a pension conversion factor of 12 is not available to every member and will be automatically lost if an eligible member fails to convert all or part of the current (retirement or redundancy) entitlement to a Contributory Scheme Life Pension calculated by reference to the pension conversion factor of 12. If the funds are rolled out to another complying super fund or taken as a lump sum then the conversion factor of 12 will be lost.

If an eligible former member wishes to roll funds into the Contributory Scheme to purchase a life pension, that pension will be calculated using actuarial pension conversion factors rather than a factor of 12.

(b) Actuarial pension conversion factors

Members who joined the Contributory Scheme after 30 June 1994 do not have access to the pension conversion factor of 12. The actuarial pension conversion factors are used to calculate the Contributory Scheme Life Pensions of post 30 June 1994 members who retire from their public sector employer on or after attaining their preservation age.

Eligible members may rollover lump sum benefits from other superannuation funds to the Commission and purchase a fully funded and taxed RBF Life Pension which is calculated using the actuarial pension conversion factors.

A person is an eligible member if they fall into one or more of the following categories.

1) A person is a category 1 eligible member if:

    a) they were a member of the former Non-Contributory Scheme or Contributory Scheme as at 14 May 1999; **or**

    b) as at 14 May 1999, they were entitled to a benefit under part 6 or 7 of the Retirement Benefits Regulations 1994; **or**

    c) they are the spouse or former spouse of a Contributory Scheme member and the Contributory Scheme member established a Spouse RBF Investment Account in the spouse's name in accordance with Contributory Scheme governing rules immediately before 22 October 2010; they were a member of the Contributory Scheme immediately before the 31 March 2017; **and**

    d) they were a member of the RBF Tasmanian Accumulation Scheme immediately before 31 March 2017; **and**

e) since becoming a member of the RBF Tasmanian Accumulation Scheme they retained a financial interest in the Scheme up until 31 March 2017.

2) A person is a category 2 eligible member if they:

a) were a Fund member (as defined in the Public Sector Superannuation Reform Regulations 2017) immediately before the 31 March 2017; and

b) have attained their preservation age or they have satisfied the Commission that they should be retired from the workforce a consequence of total and permanent incapacity or terminal illness.

A surviving partner of a member or eligible member referred to in Category 1 or 2 above, is also eligible to purchase an RBF Life Pension.

Contributory Scheme Life Pension and the RBF Life Pension 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.

For information on the differences between a reversionary and non-reversionary life pension please see the "Dying as a pensioner" section on page 11.

The following actuarial pension conversion factors are current as at 11 January 2018.

Important: The actuarial pension conversion factors are subject to change without notice, you should confirm the current factors with RBF by calling the RBF Enquiry Line on **1800 622 631** prior to making any decisions.

Pensions with reversion to surviving partner			Pensions with NO reversion to surviving partner		
Age	Male	Female	Age	Male	Female
55	23.0800	22.6900	55	21.4600	22.0500
56	22.7200	22.3200	56	21.0500	21.6700
57	22.3500	21.9500	57	20.6400	21.2900
58	21.9800	21.5600	58	20.2200	20.9000
59	21.5900	21.1600	59	19.7900	20.5000
60	21.1900	20.7600	60	19.3500	20.0800
61	20.7800	20.3400	61	18.9000	19.6600
62	20.3600	19.9100	62	18.4300	19.2200
63	19.9200	19.4600	63	17.9500	18.7700
64	19.4800	19.0000	64	17.4600	18.3000
65	19.0200	18.5300	65	16.9500	17.8200
66	18.5500	18.0500	66	16.4400	17.3300
67	18.0700	17.5500	67	15.9100	16.8200
68	17.5700	17.0500	68	15.3800	16.3100
69	17.0700	16.5300	69	14.8400	15.7800
70	16.5600	16.0000	70	14.2900	15.2500

Pension conversion factors for members aged less than 55 and over 70 are available on request.

Calculating your Contributory Scheme Life Pension

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 (please refer to the table to the left for the current conversion factors). The pension formula is as follows:

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

Example:

Amanda retired on her 60th birthday and her Contributory Scheme lump sum entitlement is $475,000.

If Amanda decided to convert all of her total lump sum entitlement to a reversionary Contributory Scheme Life Pension, her annual pension would be $22,880, calculated as follows:

Annual Pension	=$475,000 x 100% ÷ 20.76 =$22,880

Amanda is purchasing 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.

Half-yearly pension adjustment

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

How and when pensions are paid

Pensions are paid fortnightly and calculated by dividing the annual amount by 26.

Payments are made in a manner determined by RBF after considering the wishes of the recipient.

Retirement (full benefits) for Total and Permanent Incapacity (Post 1 July 1994 member)

A full benefits contributor who either retires as a result of Total and Permanent Incapacity or dies, has a benefit entitlement calculated as follows:

Lump sum[15]	**FAS(3)** **x contributory service** **x benefit multiple factor** **PLUS** **FAS(3)** **x prospective service** **x 20%**

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

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 10 her gross lump sum entitlement is $630,000. She may elect to:

(a) Convert all or her entitlement to a Contributory Scheme Life Pension.

(b) Convert $580,000 to a Contributory Scheme Life Pension and take $50,000 as a lump sum payment. Joan's lump sum entitlement is greater than $50,000 and as a consequence she must convert the excess amount of her entitlement $580,000 ($630,000 - $50,000) to a Contributory Scheme Life Pension.

(c) However Joan may apply to the Commission for an additional lump sum up to a maximum 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 entitlement as a cash lump sum, the residual entitlement 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 of 28.40 giving an annual Contributory Scheme Life Pension of $19,366 calculated as follows:

Annual Pension	=$550,000 x 100% ÷ 28.40 =$19,366

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

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

Pension[16]	**FAS(1) x benefit multiple factor x contributory service** **12** **PLUS** **FAS(1) x benefit multiple factor x prospective service** **12**

[16] See page 3 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 no longer applies from 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 30 years' service, Murray at age 50 retired in 2017 on the grounds of Partial and Permanent Incapacity. At the time of retirement Murray's FAS(1) was $85,000. Because he joined before 1 April 1987, his prospective service continues to age 60, giving a total of 10 years. His contributions have always been at the basic rate, so his benefit multiple factor is 20%.

Murray's annual pension is $56,666.67 calculated as follows:

Pension	$85,000 x 30 x 20% 12 **PLUS** $85,000 x 10 x 20% 12
Total	**= $56,666.67**

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 would have continued to age 65, giving him total prospective service[17] of 15 years. Based on Total and Permanent Incapacity Murray's annual pension would be $63,750 calculated as follows:

Pension	$\frac{\$85{,}000 \times 30 \times .20}{12}$ **PLUS** $\frac{\$85{,}000 \times 15 \times 20}{12}$
Total	**= $63,750**

[17] For the purpose of this example, the prospective service calculation assumes Murray is not a police officer. See page 14 for information on prospective service.

Interim Invalidity pensions

Interim Invalidity means that RBF considers that 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 30 consecutive days may be entitled to a pension equal to 75% of the salary he or she would have received during the previous 12 months, had he or she 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, or the member is taken to have ceased membership of the scheme and is entitled to a resignation benefit (if eligible).

Anti-detriment rights

This section only applies to members of the Contributory Scheme who were contributing as at 30 June 1994 and have continued as members of the Contributory Scheme since then.

The rights and entitlements enjoyed by members of the fund prior to 1 July 1994 are protected by anti-detriment provisions contained in the regulations.

The anti-detriment provisions allow those who were members as at 30 June 1994, to retire and receive a benefit calculated in accordance with the provisions of the previous scheme governing rules.

In practice, if you were a contributor as at 30 June 1994, you will have the choice of taking your entitlement as a life pension calculated in accordance with either the previous scheme rules or the current scheme rules.

Members do not need to make a choice until they cease employment at which time they will be provided with the full range of benefit options.

A contributor who retires because of age and has their entitlement calculated under anti-detriment provisions is eligible for an annual pension according to the following:

Pension[18]	**FAS(1)** **x contributory service** **x benefit multiple factor** **x % of entitlement being converted to pension** **x early retirement penalty[19]** **÷ 12**

[18] See page 3 for definitions of FAS(1) and benefit multiple factor in the pension calculation formula.

[19] 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 attained age 60. The penalty is incurred if the member's life pension is less than two-thirds of the member's average annual salary in the year immediately before retirement. A member who retired on their 55th birthday whose pension entitlement is less than 2/3rds of average salary would incur an early retirement penalty of 20%.

Your Superannuation Accumulation Fund (SAF) lump sum

Under the anti-detriment provisions, members may receive a SAF entitlement calculated at 30 June 1994 and indexed thereafter. This will happen if the lump sum payable under the present scheme is less than the corresponding benefit that would have been payable under the previous scheme. The total lump sum under the previous scheme includes the indexed SAF entitlement accrued to that date. RBF has recorded your SAF entitlement 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 attaining preservation age and before 60 (under anti-detriment provisions).

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 $80,000;
- a FAS(1) of $82,500;
- 35 years of contributory service; and
- an early retirement penalty of 8% will apply to his Schedule 1 and former scheme life pension calculations.

Mike's lump sum retirement benefit is $560,000, calculated as follows:

Lump sum	**FAS(3)** **x contributory service** **x benefit multiple factor** **x % to be taken as a lump sum** therefore = $80,000 x 35 x 20% **= $560,000**

If Mike takes all of his retirement benefit as a life pension calculated in accordance with Regulation 61(3) his annual life pension is $46,667 calculated as follows:

Annual pension Regulation 61	**Lump sum** **x % to be become pension** ÷ 12 therefore = $560,000 x 100% ÷ 12 **= $46,667**

If Mike takes a pension calculated in accordance with Schedule 1 or in accordance with the former scheme rules his annual pension is $44,275 calculated as follows:

Annual pension **Schedule 1 and former scheme rules**	**FAS (1)** **x contributory service** **x benefit multiple factor** **x % to be taken as a pension** **x early retirement penalty** ÷ 12 therefore = $82,500 x 35 x 20% x 100% x (1 – 8%) ÷ 12 **= $44,275**

In this example Mike's Schedule 1 pension is less due to the 8% early retirement penalty.

Retirement on or after attaining age 60 (under anti-detriment provisions)

Example

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

- contributed at 5% for 30 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 $80,000; and
- a FAS(1) of $84,000.

Ann's lump sum retirement benefit is $686,000 calculated as follows:

Lump sum	**FAS (3)** **x contributory service** **x benefit multiple factor** **x % to be taken as a lump sum** therefore = {$80,000 x [(35 x 20%) + (5 x 31.50%)]} x 100% **= $686,000**

If Ann takes all of her retirement benefit as a life pension calculated in accordance with Regulation 61(3) her annual life pension is $57,167 calculated as follows:

Annual pension Regulation 61	**Lump sum** **x % to be become pension** ÷ 12 therefore = $686,000 x 100% ÷ 12 **= $57,167**

If Ann takes a pension calculated in accordance with Schedule 1 her annual pension is $60,025 calculated as follows:

Annual pension Schedule 1	**[FAS(1)** **x contributory service** **x benefit multiple factor** **x percentage to be taken as a pension** **x (1 - early retirement penalty)]** **÷ 12** therefore = {$84,000 x [(35 x 20%) + (5 x 31.50%)]} x 100% x (1 – 0%)] ÷ 12 **= $60,025**

If Ann was to take a pension calculated in accordance with the previous scheme rules then her pension will be limited to 2/3rd's of final average salary or an annual pension of $56,000. Therefore Schedule 1 of the current scheme provides the best option for Ann.

Redundancy 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 attained age 65 as follows:

Lump sum **Redundancy 60 to 65**	= FAS(3) **x** contributory service **x** benefit multiple factor **Plus** FAS(3) x prospective service to age 65 x 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 x 30 x 20%) + ($90,000 x 5 x 20%) **=$630,000**

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

Annual pension Regulation 61 (3)	**Lump sum** **x percentage to become pension** **÷ 12** therefore = $630,000 x 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 in accordance with Schedule 1 his annual life pension is $55,416 calculated as follows:

Annual pension Schedule 1	= [($95,000 x 30 x 20%) + ($95,000 x 5 x 20%)] ÷ 12 **= $55,416**

Power to vary pensions and lump sums

When a member who was a contributor at 30 June 1994 retires, RBF will allow the member on election, to take a benefit calculated under the repealed Retirement Benefits Act 1982.

In doing this, RBF will also calculate the entitlement payable to the member under the SAF Agreement by taking the balance in the member's SAF account at 30 June 1994 and indexing it by the greater of, movement in the Consumer Price Index or Average Weekly Ordinary Time Earnings.

RBF can pay members who were contributors at 30 June 1994 a pension or lump sum (or combination) calculated under the repealed Retirement Benefits Act 1982.

Example

John is 54 when he takes 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 Contributory Scheme account; and
- a balance of $20,000 in his SAF account

RBF calculated that John's lump sum benefit under the previous scheme (3.5 x contributions and interest plus SAF balance) was better than the entitlement under the present scheme. At John's request RBF paid him $720,000 the higher of the two.

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

OR

Former scheme rules	= 3.5 contributions and interest + SAF balance = 3.5 x $200,000 + $20,000 **= $720,000**

[20] See page 3 for definition of FAS(3).

Managing the Contributory Scheme

The Superannuation Commission as trustee

As the corporate Trustee, 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, 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.

Superannuation Commissioners

The Commission consists of up to three people appointed by the Treasurer. The Treasurer also appoints a member of the Commission as the chairperson of the Commission. Appointments are for a maximum period of 5 years and members may be reappointed.

On 1 October 2016, the Treasurer announced the appointment of Ms Kerry Adby as Chair of the Superannuation Commission.

On 16 February 2017, it was announced that Ms Leigh Mackey and Mr Chris Bevan were appointed as Commissioners of the Superannuation Commission.

Resolving service and salary questions

If there are questions regarding the nature or length of a member's service, or about whether a periodic payment should be regarded as salary, the matter is firstly determined by a delegate of the Commission. A delegate of the Commission will also, if necessary, determine in the first instance the amount of "salary" being received at any time and decide whether any payment to a public sector employee should be regarded as an allowance for superannuation purposes.

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 a delegate of the Commission. If the delegate 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 he or she has accepted the outcome of any RBF ill health benefit application.**

Reinstatement of member rights

The Commission and its delegate may reinstate rights, privileges or benefits lost by a member, or also those they may otherwise have obtained, if it decides the loss was not due to the member's own fault and it is equitable to do so. The reinstatement of a lost right requires the approval of the Minister.

A right to be heard

After being asked by a member or pensioner to exercise its discretion on a matter, a final determination will not be made without the member or pensioner first being offered an opportunity to be heard before the Commission. The Commission will also consider medical reports or other relevant evidence the member or pensioner may wish to submit.

Further information

Member Benefit Statements

Once a year you will receive a Member Benefit Statement which provides benefit estimates and account details for your Contributory Scheme membership. Member Benefit Statements are provided as at the end of the financial year.

Charges against your account for death and incapacity premiums will also be shown.

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 pre-retirement interview can be arranged by phoning the RBF Enquiry Line on **1800 622 631**.

RBF will also supply pre-retirement information to you in writing but we will not provide this information to a third party without your written consent.

Website access

You can obtain further details on your benefit amount, personal details, any contributions you have made and your 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
Office:	Ground Floor, 21 Kirksway Place, Hobart Level 3, Henty House 1 Civic Square Launceston

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