

Contributory Scheme Life Pension



What is a Contributory Scheme Life Pension?

A Contributory Scheme Life Pension is a fortnightly pension paid for life. The Contributory Scheme Life Pension is indexed twice yearly in accordance with increases in the rate of inflation as measured by movements in the Consumer Price Index. RBF pays Contributory Scheme Life Pensions to members living in Australia and overseas.

What are the advantages of a Contributory Scheme Life Pension?

- ▶ a Contributory Scheme Life Pension is paid for life
- ▶ it provides a regular income which is adjusted twice yearly in line with inflation
- ▶ it provides a hassle-free retirement income
- ▶ your retirement income is not affected by investment performance
- ▶ you may be able to qualify for a Centrelink benefit
- ▶ two thirds of your Contributory Scheme Life Pension may be payable to your surviving partner on your death.

What type of Contributory Scheme Life Pension can I be paid?

The following Contributory Scheme Life Pensions are paid to RBF members. These are:

- 1** Contributory Scheme Life Pension calculated using the favourable pension conversion factor of 12.
- 2** Schedule 1 Contributory Scheme Life Pension calculated using the favourable pension conversion factor of 12.
- 3** Regulation 102 Life Pension which provides access to pension benefits payable under previous legislation. This pension is calculated differently from options **1** and **2** above.

Options **1**, **2** and **3** are only payable to members who joined the Contributory Scheme prior to 1 July 1994. These pensions may revert to a surviving partner on your death.

- 4** Reversionary Contributory Scheme Life Pension calculated using actuarial pension factors based on life expectancy. It provides for the payment of a reversionary pension to the member's surviving partner on death.

- 5** Non-reversionary Contributory Scheme Life Pension calculated using actuarial pension factors based on life expectancy. No reversionary pension or other benefit is payable to the member's surviving partner on death.

Option **4** and **5** are only payable to members who joined the Contributory Scheme on and after 1 July 1994.

More details on how the Contributory Scheme Life Pensions are calculated can be found in the 'Contributory Scheme: Member Booklet'. You can obtain a copy from our website at www.rbf.com.au or by calling the RBF Enquiry Line on **1800 622 631**.

Can I make additional contributions to or withdrawals from my Contributory Scheme Life Pension?

Once you are receiving a Contributory Scheme Life Pension you cannot:

- ▶ make additional contributions to your Contributory Scheme Life Pension;
- ▶ vary the gross amount of your pension; or
- ▶ make lump sum withdrawals.

What tax will I pay?

Contributory Scheme Life Pensions that are commenced using funds from the Contributory Scheme contain taxed and untaxed money.

The component of your benefit funded by your employer is not paid into the Contributory Scheme until you retire therefore no tax has been paid on this part of your benefit. As such, you will be required to continue to pay income tax on a part of your pension. After you reach age 60 you will receive an additional 10% tax offset (or rebate) on the untaxed component. The taxed component of this pension will be tax exempt after you reach age 60.

The table overleaf shows the impact of taxation on the Contributory Scheme Life Pension.

RBF will deduct PAYG withholding tax from your Contributory Scheme Life Pension, but you may be able to reduce the amount of tax you have to pay.

Taxation on the Contributory Scheme Life Pension

| Income | Tax component | Accessed by members between preservation age to 59 | Accessed by members aged 60 and over |
|---------|-------------------|--|--|
| Pension | Tax-free | Tax-free | Tax-free |
| | Taxable (taxed) | Taxable at marginal tax rate, less 15% pension offset (rebate) plus the Medicare Levy (if applicable). | Tax-free |
| | Taxable (untaxed) | Taxable at marginal tax rate, plus the Medicare Levy (if applicable). | Taxable at marginal tax rate, less 10% tax offset (rebate) plus the Medicare Levy (if applicable). |

You may be eligible for other tax concessions. More information about tax concessions is available from the Australian Taxation Office website www.ato.gov.au or by phoning the Australian Taxation Office direct on **13 10 20**.

What happens to my Contributory Scheme Life Pension when I die?

If you have elected to take a reversionary Contributory Scheme Life Pension, two thirds of your pension will be paid to your surviving partner upon your death unless he or she elects to receive a lump sum. If you have elected to receive a non-reversionary Contributory Scheme Life Pension or you do not have a surviving partner your Contributory Scheme Life Pension will end when you die.

What information will I receive from RBF about my Contributory Scheme Life Pension?

If you elect to receive all or part of your retirement benefit as a Contributory Scheme Life Pension, you will receive a letter from RBF each January and July to notify you of the value of your pension following any Consumer Price Index adjustments.

You will also receive a 'PAYG payment summary – super income stream' statement at the end of each financial year when you have assessable income. In addition a Centrelink schedule can be provided upon request.

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This fact sheet contains general information only. It is not intended to be, and should not be relied upon as legal, financial or other advice. It has been prepared without taking into account your personal objectives, financial situation or needs. Consider whether this information is appropriate to your circumstances and read any relevant RBF documentation available at www.rbf.com.au before making a decision. We also recommend that you consider talking to a financial adviser. Every care has been taken in providing accurate and up-to-date information in this fact sheet. However, things may have changed since this fact sheet was published and some of the information may no longer be correct. If there are mistakes or omissions in the information, we reserve the right to correct those errors or omissions. The governing rules of RBF will prevail over any misstatement in this fact sheet.

The privacy and confidentiality of your personal information is important to RBF. We hold your personal information securely and use it only for the purposes described in the RBF 'Privacy Policy', available on the RBF website at www.rbf.com.au.

Need help?

RBF offers a range of services such as personal interviews, seminars and workplace visits to assist you in making informed choices with regard to your super. An appointment with an RBF Superannuation Consultant can be arranged by phoning the RBF Enquiry Line on **1800 622 631**. We can provide you with information regarding your benefits and options.

You can also explore your super options by reading RBF's brochures and fact sheets available on our website at www.rbf.com.au, or by contacting the RBF Enquiry Line on **1800 622 631** to obtain a free copy. Our friendly staff are also available to answer any enquiries you may have regarding your benefit.

If you would like further details about your super benefit and options, please contact the RBF Enquiry Line on **1800 622 631**.

Related documents

- ▶ Contributory Scheme: Member Booklet

Contacting RBF

Contact RBF if you would like additional information or assistance.

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