

Contributory Scheme – Redundancy process

for members who joined after 30 June 1994



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IMPORTANT NOTE: This information is only for members who joined the Contributory Scheme after 30 June 1994 (Post 94 members). Please refer to the ‘Membership Category’ as shown on your Member Benefit Statement which is available on the member secure website at www.rbf.com.au. There is also a fact sheet for members who joined before 1 July 1994 which is available on the RBF website at www.rbf.com.au

When considering a significant life-changing event such as redundancy, it is essential that you receive the best possible information and advice.

As a valued member of RBF, we will continue to assist you through this period and into the future by providing helpful information about your super options and entitlements. It is important that you fully understand and consider all the information and options available before making a decision.

If you are unsure about your options, please call the RBF Enquiry Line on **1800 622 631** for assistance. You may also make an appointment with an RBF Superannuation Consultant to discuss your situation and ask for more information.

What happens when you are offered a redundancy?

If you are considering a redundancy the first step is to read the ‘Redundancy administrative process’ fact sheet available on the RBF website at www.rbf.com.au

You should note however that your Death and Incapacity cover in the Contributory Scheme will cease on your redundancy separation date. Please see ‘What happens to your insurance cover’ section on page 3 for more details.

Benefit options – under preservation age

This section provides detailed information about your benefit calculation if your age is less than your preservation age at the time of your redundancy separation date.

Regulation 34 lump sum benefit

This is a lump sum benefit and you may be able to withdraw part of this amount as cash.

If you are made redundant before you reach your preservation age all or part of the employer component of your redundancy entitlement may, subject to your benefit elections, be transferred to the Contributory Scheme CPA. The funded component of your redundancy benefit is able to be transferred to a complying superannuation scheme of your choice (less tax), this may contain an unrestricted non-preserved component (an amount you can access as cash) if you were a member prior to 1 July 1999.

If your benefit includes a compulsory preserved amount, this amount will remain within the Contributory Scheme CPA until your preservation age. When you reach your preservation age, the balance of this account, less tax, will be transferred to a complying superannuation scheme of your choice.

If you are eligible to retire and have retired, you can use RBF's range of retirement products and services including:

- ▶ accessing your benefit as a lump sum;
- ▶ starting a Contributory Scheme Life Pension¹ (you can commence a Contributory Scheme Life Pension upon attaining preservation age even if you are still working);

or

- ▶ any combination of these.

¹ **Important note:** You can commence a Contributory Scheme Life Pension at any age after preservation age. The pension divisor applicable to your Contributory Scheme Life Pension will depend on whether you access your pension immediately on terminating employment or at a later date.

Cash withdrawals and pensions may be subject to taxation.

Benefit options – over preservation age

This section provides detailed information on your benefit calculation if you are over preservation age on your redundancy separation date.

Because you are over your preservation age, you may be eligible to access your benefit in certain circumstances.

This section is separated into three different age groups. You should only read the information appropriate to your age at your redundancy separation date.

If you accept a redundancy, your Death and Incapacity cover in the Contributory Scheme will cease on your redundancy separation date. Please see 'What happens to your insurance cover' section on page 3 for more details.

From preservation age to 59: Regulation 34 lump sum benefit

This is a lump sum benefit and you can use RBF's range of retirement products and services including:

- ▶ accessing the lump sum in cash;
- ▶ commencing a Contributory Scheme Life Pension; or
- ▶ receiving any combination of these options.

Any amount you do not access now will be transferred into a complying superannuation scheme of your choice (less tax). Cash withdrawals and pensions will be subject to tax.

If you joined the Contributory Scheme prior to 1 July 1999, it is likely that a portion of your benefit may be accessible as cash at any time. This component is called the unrestricted non-preserved amount. A portion of your benefit will be a preserved amount and must remain in a super account until you retire from the workforce.

If you joined the Contributory Scheme after 30 June 1999, your total benefit is preserved if you have not retired.

To access your benefit as a cash lump sum, you must have ceased employment and have permanently retired from the workforce. If you do not intend to retire at this time, some restrictions will apply to cash withdrawals.

Age 60 to 64: Regulation 34 lump sum benefit

This is a lump sum benefit which includes a component which projects your entitlement to age 65. It is available from age 60 till you reach your 65th birthday.

You can use RBF's range of retirement products and services including:

- ▶ accessing the lump sum in cash;
- ▶ commencing a Contributory Scheme Life Pension; or
- ▶ receiving any combination of these options.

Any amount you do not access now will be transferred to a complying superannuation scheme of your choice (less tax).

Age 65 to 70: Regulation 39 lump sum benefit

This benefit is entirely made up of unrestricted non-preserved and is a lump sum benefit. It is available from age 65 until you reach your 70th birthday. You can use RBF's range of retirement products and services including:

- ▶ accessing the lump sum in cash;
- ▶ commencing a Contributory Scheme Life Pension;
- ▶ receiving any combination of these options.

Any amount you do not access now is transferred to a complying superannuation scheme of your choice (less tax).

Cash withdrawals and pensions will be subject to taxation.

When will RBF pay my redundancy benefit?

This will depend on the redundancy option you choose.

Lump sum – cash withdrawal: normally paid within five working days of receiving your completed 'Contributory Scheme – Payment instructions' form and all associated documentation.

Contributory Scheme Life Pension: fortnightly payments will commence on the first available pay day after all relevant information has been received and your completed 'Contributory Scheme – Payment instructions' form has been processed. Your pension will be backdated to the day immediately following your redundancy separation date.

What happens to your insurance cover?

Your Death and Incapacity cover in the Contributory Scheme ceases on your redundancy separation date.

Regular information we send to you

Contributory Scheme Life Pension

- ▶ a letter in January and July following any adjustment for increases in the Consumer Price Index; and
- ▶ a 'Contributory Scheme Life Pension annual declaration' form.

It is important that you fully understand the options available before making a decision.

You should not commit to any financial arrangement without first checking with RBF as to when payment will be made.

Glossary

This glossary gives a brief explanation of technical terms found in this document.

Preservation age: the legislated age at which you can access super benefits, provided you have retired from the workforce or commenced Transition to Retirement.

Your preservation age depends on your date of birth and is determined as follows:

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

Consumer Price Index: means the table described as the 'Consumer Price Index Numbers – All Groups, All Capital Cities' published by the Australian Statistician under the *Census and Statistics Act 1905* of the Commonwealth.

Contributory Scheme Life Pension: is a fortnightly pension paid for the rest of your life. The pension is indexed twice yearly in line with increases in the Consumer Price Index. You can choose between a pension that ceases on your death (non-reversionary) and a pension that will continue to be paid to your surviving partner (reversionary). It is important to be fully informed about your pension before choosing.

Note: Contributory Scheme members who joined prior to 1 July 1994 are entitled to an automatic reversionary benefit to the member's surviving partner on the death of the member.

Preservation components

Preserved amount: this is the part of your benefit that generally cannot be accessed until you have reached your preservation age and retired from the workforce. The preserved amount may also be accessed under early release. For more information on accessing your super early please read the fact sheets 'Accessing your super early' and 'Accessing your super early on compassionate grounds' available on the RBF website at www.rbf.com.au

Unrestricted non-preserved amount: this is accessible as cash at any age and may be subject to taxation.

Compulsory preserved amount: this is the unfunded employer share of your benefit. This component cannot be taken as cash or rolled over and must remain in the Contributory Scheme until you reach your preservation age. This amount is transferred to the Contributory Scheme CPA (see below).

The compulsory preserved amount only may be accessed under early release. For more information on accessing your super early please read the fact sheets 'Accessing your super early' and 'Accessing your super early on compassionate grounds' available on the RBF website at www.rbf.com.au

Contributory Scheme CPA: this account is created to hold your unfunded employer's share of your overall benefit following resignation or redundancy prior to preservation age. The balance cannot be rolled over or transferred to another Scheme until funded by your employer when you reach preservation age. When this happens the balance will be transferred into a complying superannuation scheme of your choice and taxation will be applied.

Benefit option calculations

FAS(3): is your Final Average Salary, including allowances, over your last three years in the public sector workforce.

FAS(1): is the Final Average Salary over your final year.

Adjusted benefit multiple factor: is derived by reference to the rate of contribution and your number of years of service. Your adjusted benefit multiple can be found on your most recent Member Benefit Statement.

Basic rate of contributions: 2.5% or 5% (depending on your current contribution rate).

Projected benefit multiple factor: calculated as if you contributed at the basic rate of contributions until age 65. If you have worked less than full-time during any part of your Contributory Scheme membership, the projected portion will be calculated on a pro-rata of your employment percentage.

State benefit multiple factor: used if a member over 65 elects not to pay contributions to the Contributory Scheme (7.5% if the member, prior to electing not to pay contributions, was paying 2.5% otherwise it is 15%).

PRS: length of time between the member achieving age 65 and ceasing to pay contributions to the Contributory Scheme and the day of the member's actual retirement or death.

Regulation 34 (for members under age 60):

FAS(3) x adjusted benefit multiple factor

Regulation 34 (for members aged 60 to 64):

FAS(3) x adjusted benefit multiple factor + [FAS(3) x projected benefit multiple factor].

Regulation 39: FAS(3) x adjusted benefit multiple + (state benefit multiple factor x FAS(3) x PRS).

Note: If contributions are maintained by the member after turning age 65, the Regulation 39 calculation is purely FAS(3) x adjusted benefit multiple factor.

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This fact sheet is for members of the Contributory Scheme. It 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?

After reading this fact sheet, you may require further information or assistance.

Personal interviews are available in Hobart, Launceston, Burnie and Devonport by appointment only. To arrange an interview, call the RBF Enquiry Line on **1800 622 631**.

Contacting RBF

Contact RBF if you would like additional information or assistance.

RBF Enquiry Line: 1800 622 631 or
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(international)

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