

# Contributory Scheme – Redundancy process

for members who joined before 1 July 1994



## Contents

What happens when you are offered a redundancy?	1
Benefit options – under preservation age	2
Benefit options – preservation age and over	3
Benefit options – from preservation age to 59	
Benefit options – age 60 to 65	4
Benefit options – age 65 to 70	5
When will RBF pay my redundancy benefit?	6
What happens to your insurance cover?	
Regular information we send to you	
Glossary	
Benefit option calculations	7
Need help?	8

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

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

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](http://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 6 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.

**Important:** While you remain a member of the Contributory Scheme you are entitled to commence a Contributory Scheme Life Pension calculated using a divisor of 12 when you retire. Generally, if you choose to accept a redundancy, you will retain the right to purchase a Contributory Scheme Life Pension at retirement; however the annual pension amount will be calculated at market rates determined by the actuary.

Option 1a below will allow you to retain your divisor of 12.

### Option 1a – Regulation 34 lump sum benefit – deferred pension option

Under this option, certain conditions apply to ensure you retain your right to purchase a Contributory Scheme Life Pension calculated using the divisor of 12, on or after reaching preservation age.

The funded portion of your benefit will be transferred into an RBF Investment 12 Account in the Contributory Scheme. The remaining portion of your benefit will be transferred into a Contributory Scheme CPA 12.

The use of the number 12 in the account name indicates that the following special conditions apply:

- ▶ You cannot access any part of this benefit as cash.
- ▶ If you change the investment option, or access any of the funds transferred to your RBF Investment 12 Account or Contributory Scheme CPA 12, you will forfeit your entitlement to the divisor of 12 and should you later commence a Contributory Scheme Life Pension, it will be calculated using market rates determined by the actuary.

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

- ▶ accessing this benefit as a lump sum;
- ▶ commencing a Contributory Scheme Life Pension<sup>1</sup>; or
- ▶ any combination of these.

<sup>1</sup> **Important note:** You can commence a Contributory Scheme Life Pension at any age after preservation age using your divisor of 12 on the first election only.

Cash withdrawals and pensions may be subject to taxation.

### Option 1b – Regulation 34 lump sum benefit

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

All or part of your benefit (less tax) may be transferred to a complying superannuation scheme of your choice.

If your benefit includes a compulsory preserved amount, this amount will be paid into a Contributory Scheme CPA and will remain in the Contributory Scheme until you reach preservation age. When you reach your preservation age, the balance of this account (less tax) can be transferred into a complying superannuation scheme of your choice.

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

- ▶ accessing this benefit as a lump sum;
- ▶ commencing a Contributory Scheme Life Pension<sup>2</sup>; or
- ▶ any combination of these.

<sup>2</sup> **Important note:** You can commence a Contributory Scheme Life Pension at any age after preservation age. The pension will be calculated at market rates determined by the actuary.

### Option 2a – Regulation 102 anti-detriment benefit

This is a lump sum benefit and you may be able to withdraw part of this amount as cash. This benefit option exists to ensure members are not adversely affected by regulation changes over a number of years.

The entire benefit (less tax) will be paid into a complying superannuation scheme of your choice as two separate components.

The unrestricted non-preserved amount will be accessible as cash at any time and any withdrawals will be subject to taxation.

The remaining balance must remain in the super environment as a preserved amount.

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

- ▶ accessing this benefit as a lump sum;
- ▶ commencing a Contributory Scheme Life Pension<sup>3</sup>; or
- ▶ any combination of these.

<sup>3</sup> **Important note:** You can commence a Contributory Scheme Life Pension at any age after preservation age. The pension will be calculated at market rates determined by the actuary.

Cash withdrawals and pensions may be subject to taxation.

## Option 2b – Regulation 102 anti-detriment benefit – deferred pension option

This option is available to members who are within five years of their preservation age. The option defers calculation and payment of your benefit until at least preservation age or any age after so that you can access your Regulation 102 retirement benefit.

Upon reaching preservation age your benefit may be paid as a pension, however you may elect to commute part or all of your pension to a lump sum.

The pension percentage value used is calculated at the date of redundancy and frozen until you elect a Contributory Scheme Life Pension after attaining preservation age.

**Please note:** an early retirement penalty may reduce your pension percentage.

The preserved pension percentage is then multiplied by your FAS(1) provided by your employer, based on the assumption you had continued employment until your pension election date.

### **The maximum pension percentage is capped at 66.666666% of FAS(1).**

You will also be entitled to an additional lump sum amount equal to the Superannuation Accumulation Fund account balance.

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

- ▶ accessing this benefit as a lump sum;
- ▶ commencing a Contributory Scheme Life Pension<sup>4</sup>; or
- ▶ any combination of these.

<sup>4</sup> **Important note:** You can commence a Contributory Scheme Life Pension at any age after your preservation age using your preserved pension percentage on the first election only.

Withdrawals and pension may be subject to tax.

**Should you choose this option, you will not be able to revoke this election and will not be able to access your benefit (other than in the case of death, terminal illness or disability) until you reach your preservation age.**

## Benefit options – preservation age and over

This section provides detailed information about your benefit calculation if you will be preservation age or over on your redundancy separation date.

It is separated into three different age groups; you should read only the information appropriate to your age at your redundancy separation date.

You are encouraged to speak with RBF about your options, whether you intend to retire or not at this time. It is important that you make the right decisions to ensure financial peace of mind in retirement.

It is important that you consider all the information before you make your decision. If you are unsure about your options, please contact the RBF Enquiry Line on **1800 622 631**. You can also make an appointment to see a RBF Superannuation Consultant to discuss your own situation and ask for more information.

You may be eligible to access all of your benefit after age 60.

**Important note:** 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 6 for more details.

## Benefit options – from preservation age to 59

### Option 1 – Regulation 34 lump sum (redundancy) 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, provided you're retiring from the workforce;
- ▶ commencing a Contributory Scheme Life Pension; or
- ▶ receiving any combination of these options.

Cash withdrawals and pensions will be subject to tax.

If you choose to use all or part of your benefit to commence a Contributory Scheme Life Pension at this time, the annual amount will be calculated by using the divisor of 12.

A Contributory Scheme Life Pension commenced at a later date using funds transferred from a complying superannuation fund (subject to eligibility) will be calculated at market rates determined by the actuary.

A portion of your benefit will be a preserved amount and must remain in the super system until you retire from the workforce.

### Option 2 – Schedule 1 anti-detriment benefit

This is a pension benefit. This benefit option exists to ensure members are not adversely affected by regulation changes in 1994.

You may elect to take all or part of your benefit as a Contributory Scheme Life Pension.

If you do not take all of your benefit as a Contributory Scheme Life Pension, the remaining lump sum will be calculated as for Option 1 – Regulation 34 lump sum. Any part of your benefit taken as a lump sum can be transferred to a complying superannuation scheme of your choice (less tax).

You may be entitled to an additional lump sum amount based on the Superannuation Accumulation Fund account balance. This will depend on the amount of your benefit taken as a Contributory Scheme Life Pension via Schedule 1. An early retirement penalty may also apply which will reduce your pension benefit. You may be able to elect to upgrade or purchase past service prior to terminating employment. This may remove the early retirement penalty (conditions apply). You should contact RBF to see if you are eligible.

If you choose to use all or part of your benefit to commence a Contributory Scheme Life Pension via Schedule 1 at this time, the annual amount will be calculated by using the divisor of 12.

A Contributory Scheme Life Pension commenced at a later date using funds transferred from a complying superannuation scheme (if eligible) will be calculated at market rates determined by the actuary.

A portion of your benefit will be a preserved amount and must remain in the super system until you retire from the workforce.

### Option 3 – Regulation 102 anti-detriment (redundancy) benefit

This benefit option exists to ensure members are not adversely affected by regulation changes over a number of years.

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, provided you're retiring from the workforce;
- ▶ commencing a Contributory Scheme Life Pension (at market rates)<sup>5</sup>; or
- ▶ receiving any combination of these options.

<sup>5</sup> **Important note:** A Contributory Scheme Life Pension commenced under this option will be calculated at market rates determined by the actuary. The pension will not be calculated using the divisor of 12.

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

Cash withdrawals and pensions will be subject to tax. You will also be entitled to an additional lump sum amount equal to the Superannuation Accumulation Fund account balance.

A portion of your benefit will be a preserved amount and must remain in the super system until you retire from the workforce.

### Option 4 – Regulation 102 anti-detriment (retirement) benefit

This is a pension benefit. This benefit option exists to ensure members are not adversely affected by regulation changes in 1994.

Although this is a pension benefit, you may elect to commute all or part of your pension benefit to a lump sum. An early retirement penalty may also apply.

You can choose to access your lump sum in cash or transfer it to a complying superannuation fund of your choice (less tax).

Cash withdrawals and pensions will be subject to taxation. You will also be entitled to an additional lump sum amount equal to the Superannuation Accumulation Fund account balance.

A portion of your benefit will be a preserved amount and must remain in the super system until you retire. However, if you were a member of 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.

### Benefit options – age 60 to 65

#### Option 1 – Regulation 34 lump sum (redundancy) benefit

This is a lump sum benefit and will include a calculation projecting your entitlement to age 65. It is available from age 60 until you reach your 65th birthday. This is the only benefit option which includes a projection of future service.

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

- ▶ accessing a 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 an a complying superannuation scheme of your choice (less tax).

Cash withdrawals and pensions will be subject to tax.

If you choose to use all or part of your benefit to commence a Contributory Scheme Life Pension at this time, the annual amount will be calculated by using the divisor of 12.

A Contributory Scheme Life Pension commenced at a later date using funds transferred from a complying superannuation scheme of your choice (if eligible) will be calculated at market rates determined by the actuary.

### Option 2 – Schedule 1 anti-detriment benefit

This is a pension benefit.

You may elect to take all or part of your benefit as a Contributory Scheme Life Pension.

If you do not take all of your benefit as a Contributory Scheme Life Pension, the remaining lump sum will be calculated as for Option 1 – Regulation 34 lump sum. Any part of your benefit taken as a lump sum can be transferred to a complying superannuation scheme of your choice (less tax).

You may be entitled to an additional lump sum amount based on the Superannuation Accumulation Fund account balance. This will depend on the amount of your benefit taken as a Contributory Scheme Life Pension.

If you choose to use all or part of your benefit to commence a Contributory Scheme Life Pension at this time, the annual amount will be calculated by using the divisor of 12.

A Contributory Scheme Life Pension commenced at a later date using funds transferred from a complying superannuation scheme of your choice (if eligible) will be calculated at market rates determined by the actuary.

### Option 3 – Regulation 102 anti-detriment (redundancy) benefit

This is a lump sum benefit. This benefit option exists to ensure members are not adversely affected by regulation changes over a number of years.

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

- ▶ accessing a lump sum in cash;
- ▶ commencing a Contributory Scheme Life Pension (at market rates)<sup>6</sup>; or
- ▶ receiving any combination of these options.

<sup>6</sup> **Important note:** A Contributory Scheme Life Pension commenced under this option will be calculated at market rates determined by the actuary. The pension will not be calculated using the divisor of 12.

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. You will also be entitled to an additional payment called the supplemental lump sum.

### Option 4 – Regulation 102 anti-detriment (retirement) benefit

This is a pension benefit. This benefit option exists to ensure members are not adversely affected by regulation changes over a number of years.

Although this is a pension benefit, you may elect to commute all or part of your pension benefit to a lump sum.

You can choose to access your lump sum in cash, or transfer the balance to a complying superannuation scheme of your choice (less tax). Cash withdrawals and pensions will be subject to tax.

You will also be entitled to an additional lump sum amount equal to the Superannuation Accumulation Fund account balance.

If you are considering this option, it is important that you contact RBF and discuss the implications of choosing any of the various combinations available to you.

## Benefit options – age 65 to 70

### Option 1 – Regulation 39 lump sum (retirement) benefit

This 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 a 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). Cash withdrawals and pensions will be subject to taxation.

If you choose to use all or part of your benefit to commence a Contributory Scheme Life Pension at this time, the annual amount will be calculated by using the divisor of 12.

A Contributory Scheme Life Pension commenced at a later date using funds transferred from a complying superannuation scheme of your choice (if eligible) will be calculated at market rates determined by the actuary.

### Option 2 – Schedule 1 anti-detriment benefit

This is a pension benefit.

You may elect to take all or part of your benefit as a Contributory Scheme Life Pension.

If you do not take all of your benefit as a Contributory Scheme Life Pension, the remaining lump sum will be calculated as for Option 1 – Regulation 39 lump sum. Any part of your benefit taken as a lump sum can be transferred to a complying superannuation scheme of your choice (less tax).

Cash withdrawals and pensions will be subject to taxation. You may be entitled to an additional lump sum amount based on the Superannuation Accumulation Fund account balance. This will depend on the amount of your benefit taken as a Contributory Scheme Life Pension.

If you choose to use all or part of your benefit to commence a Contributory Scheme Life Pension at this time, the annual amount will be calculated by using the divisor of 12.

A Contributory Scheme Life Pension commenced at a later date using funds transferred from a complying superannuation scheme of your choice (if eligible) will be calculated at market rates determined by the actuary.

## When will RBF pay my redundancy benefit?

This will depend on the redundancy option you choose.

**Lump sum – transfer to a complying superannuation scheme of your choice (less tax):** normally processed within three working days of receiving your completed 'Contributory Scheme – Payment instructions' form and all associated documentation.

**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

**Divisor of 12:** Contributory Scheme members who joined the Scheme prior to 1 July 1994 are entitled to this type of Contributory Scheme Life Pension. In most cases the annual pension amount is calculated by dividing the lump sum benefit by 12. It is automatically reversionary which means a benefit based on two-thirds of your pension benefit at the time of your death will continue to be paid to your surviving partner after your death. The surviving partner has the option to convert all or part of their pension to a lump sum (time frames apply).

**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.

**Superannuation Accumulation Fund account balance:** is a lump sum benefit which may be payable under RBF's anti-detriment provisions.

## 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](http://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](http://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 (less tax).

**Contributory Scheme CPA 12:** this is the same as the Contributory Scheme CPA except the account owner retains their right to purchase a Contributory Scheme Life Pension calculated using the divisor of 12. 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 an RBF Investment 12 Account within the Contributory Scheme. Certain conditions will apply to this amount in your RBF Investment 12 Account.

## Benefit option calculations

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

**FAS(1):** 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:** the 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).

**Schedule 1 benefit:** = FAS(1) x adjusted benefit multiple x early retirement penalty divided by 12.

**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.**

## Regulation 102

**Redundancy benefit:** = (3.5 x basic contributions (2.5% or 5%) and interest) + refund of excess contributions (greater than 5%) and interest as at date of redundancy.

**Retirement benefit:** the initial benefit is calculated as a pension recognising contributions at 2.5%, 5%, 8% and 11% only. Depending on the amount of pension taken, the corresponding lump sum will be calculated in one of two ways:

**1 above 50%–100% Contributory Scheme Life Pension:** pension is converted to a lump sum using age-based factors.

**2 0%–50% Contributory Scheme Life Pension:** lump sum = (2.5 x basic contributions (2.5% or 5%) and interest) + refund of excess contributions (greater than 5%) and interest as at date of redundancy times the chosen lump sum percentage.

## 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**.

© April 2017 The Superannuation Commission (ABN 93 598 914 092) as trustee of the Retirement Benefits Fund (ABN 51 737 334 954).

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](http://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](http://www.rbf.com.au)

Issued by the Superannuation Commission (ABN 93 598 914 092) as trustee of the Retirement Benefits Fund (ABN 51 737 334 954)

CO/S/00307 (V1-04/17)

---

## 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](http://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

---