

# Contributory Scheme – Retirement benefits

For members over preservation age



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## What happens if I retire or cease employment from the Tasmanian public sector?

If you retire from or cease employment with your Tasmanian public sector employer on or after attaining preservation age, your Contributory Scheme account will be closed and your entitlement will be calculated as at your date of retirement. Even if you are not fully retiring from the workforce, your Contributory Scheme benefit will be calculated as a retirement benefit.

## What is my preservation age?

Your preservation age is set by Commonwealth legislation and is determined by your date of birth.

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

## How is my Contributory Scheme retirement benefit processed?

### Step 1 – Advice of employment termination from your employer

Your employer will provide RBF with formal notification of the date you ceased your employment, indicating retirement as the reason. To assist in the timely processing of your benefit, it is important that we receive notification from your employer at the earliest possible opportunity after your retirement date. However, your employer may take up to two pay periods after your retirement date to notify RBF in case they need to make any correction to your pay.

### Step 2 – RBF calculates your benefit

RBF will calculate your retirement benefit and provide you with a 'pre-payment statement' letter detailing your benefit and any payment options and the 'Contributory Scheme – Payment instructions' form. Please note that you will have **three months** from the date of the letter to provide your payment instructions to RBF. RBF may agree to an extended period, however you will need to apply for this extension by writing to RBF.

If you do not provide your payment instructions within the required timeframes the entire benefit will be transferred to the default eligible rollover fund. You may lose certain benefit options, such as access to the pension conversion factor of 12 and the Schedule 1 pension calculation basis for members who joined before 1 July 1994. These benefit options are lost and cannot be regained once your benefit is placed into the default eligible rollover fund.

Prior to submitting your completed 'Contributory Scheme – Payment instructions' form, you may wish to make an appointment with an RBF Superannuation Consultant who can assist in explaining your entitlements and options. You can call the RBF Enquiry Line on **1800 622 631** to arrange your appointment or to discuss the process over the phone.

**Note:** if you are the surviving spouse of a Contributory Scheme member, you will have six months from the date of this letter to provide your payment instructions to RBF and may be entitled to an interim pension for up to three months.

Details on how your retirement benefits are calculated and what pension options are available can be found in the 'Contributory Scheme: Member Booklet'.

You can obtain a copy from our website at [www.rbf.com.au](http://www.rbf.com.au) or by calling the RBF Enquiry Line on **1800 622 631**.



### Step 3 – RBF processes your benefit

RBF will process your retirement benefit and make the payment as soon as possible following receipt of your valid and completed 'Contributory Scheme – Payment instructions' form and all required information and supporting documentation from you.

**Important note:** You should not commit to any financial arrangement without first checking the amount of any net cash lump sum available to you and the timing of the benefit payment with RBF.

### What options do I have when I retire?

Your Contributory Scheme retirement benefit may comprise two preservation components: an unrestricted non-preserved component and a preserved component.

Your entire Contributory Scheme retirement benefit will be classified as unrestricted non-preserved if you satisfy the retirement condition of release where:

- 1 If you have attained your preservation age but you are less than 60, your retirement is taken to have occurred if:
  - a you have ceased to be gainfully employed; and
  - b RBF is reasonably satisfied that you intend never to again become gainfully employed on a full-time or part-time basis.
- 2 If you are 60 or more, your retirement is taken to have occurred if:
  - a you have ceased to be gainfully employed; or
  - b RBF is reasonably satisfied that you intend never to again become gainfully employed on a full-time or part-time basis.

Your Contributory Scheme retirement benefit will comprise an unrestricted non-preserved component and a preserved component if you:

- ▶ have attained your preservation age and you are less than 60 on the date you cease employment with your public sector employer and RBF is **not satisfied** that you intend never to again become gainfully employed on a full-time or part-time basis.

### Unrestricted non-preserved component

The unrestricted non-preserved component of your retirement benefit has no cashing restrictions. You may:

- ▶ convert all or part to a **Contributory Scheme Life Pension** (refer to page 3 for more information);
- ▶ **cash** all or part as a cash **lump sum payment** at any time;
- ▶ **rollover all or part to another complying super fund;**  
**or**
- ▶ do any combination of the above.

Your unrestricted non-preserved component is capped (limited) to the amount calculated when you cease membership of the Contributory Scheme.

## Preserved component

The preserved component of your retirement benefit cannot be withdrawn as a cash lump sum payment. However you may convert all or part of the preserved component to a Contributory Scheme Life Pension (refer below for more information).

Any preserved component that has not been converted to a Contributory Scheme Life Pension must be rolled over to another complying super fund. The preserved amount that is rolled over will become unrestricted non-preserved when you later satisfy one of the conditions for the release of preserved benefits including:

- ▶ retirement (as described in the section 'What options do I have when I retire?' on page 2);
- ▶ attaining age 65;
- ▶ death or terminal illness;
- ▶ total and permanent incapacity;
- ▶ compassionate grounds; or
- ▶ severe financial hardship.

## Contributory Scheme Life Pension

The Contributory Scheme Life Pension is a fortnightly pension that is payable for your life.

You may choose to purchase a reversionary Contributory Scheme Life Pension, in which case your surviving spouse will receive two thirds of your pension from the date of your death for the remainder of their life. If you choose a non-reversionary Contributory Scheme Life Pension, your pension ends on your death.

The Contributory Scheme Life Pension is indexed twice a year in accordance with movements in the Consumer Price Index.

A Contributory Scheme Life Pension is created when you elect to convert all or part your Contributory Scheme retirement benefit to a Contributory Scheme Life Pension. The annual value of your commencing Contributory Scheme Life Pension is calculated by determining the percentage of your lump sum benefit to be converted to a Contributory Scheme Life Pension and then dividing that amount by the Contributory Scheme Life Pension conversion factor, where:

- 1 if you are a pre 1 July 1994 member, your Contributory Scheme Life Pension will be calculated using the pension conversion factor of 12.
  - ▶ As a pre 1 July 1994 member you will have the choice of having your life pension calculated in accordance with current scheme rules (regulation 61), current scheme rules that are a modified version of the previous scheme rules (schedule 1) or the previous scheme rules (regulation 102).
  - ▶ If you wish to take a Contributory Scheme Life Pension calculated using the pension conversion factor of 12, Schedule 1 or regulation 102 you must make this election in the 'Contributory Scheme – Payment instructions' form.

- 2 if you are a post 30 June 1994 member, your Contributory Scheme Life Pension will be calculated using the pension conversion factors advised by RBF's Actuary. You may choose to purchase either a reversionary Contributory Scheme Life Pension (to provide an income to your surviving spouse) or a non-reversionary Contributory Scheme Life Pension (payments cease on your death because no benefit is payable to your surviving spouse).

Your Contributory Scheme Life Pension may contain tax free, taxed and untaxed components.

More information about the Contributory Scheme Life Pension options can be found in the 'Contributory Scheme Life Pension' fact sheet.

You can obtain a copy from our website [www.rbf.com.au](http://www.rbf.com.au) or by calling the RBF Enquiry Line on **1800 622 631**.



## When will RBF pay my retirement benefit?

Your Contributory Scheme benefit generally contains a tax-free, taxed and untaxed component.

The timeframe for payment of your retirement benefit will depend on the retirement option(s) you choose:

- ▶ **Contributory Scheme Life Pension:** your Contributory Scheme Life Pension will be backdated to the day immediately following your date of retirement and will be paid fortnightly on a Wednesday.
- ▶ **Lump sum payments, rollovers and cash payments:** up to 10 working days from receiving your completed and valid payment instructions form. Delays may be experienced if the payment is by cheque or Electronic Fund Transfer due to financial institution transaction and/or postal delays.

## If I retire and cease membership of the Contributory Scheme what will I lose access to?

### 15% employer super support

As a member of the Contributory Scheme, you generally receive notional employer super contributions at the rate of at least 15% of salary. In comparison, the current rate of compulsory employer Superannuation Guarantee contributions is 9.5% of salary. If you terminate membership of the Contributory Scheme, it is not normally possible to re-join.

## Contributory Scheme strategies

Access to super improvement strategies specific to the Contributory Scheme, such as upgrading your past contribution rate (to a maximum of 11%) or purchasing non-contributory service will cease on the effective date of your retirement.

## Tax file number

If you have not advised RBF of your tax file number, any cash withdrawals from your account will be taxed at the highest personal tax rate for the current financial year. Please ensure RBF has a record of your tax file number so you do not pay unnecessary tax.

## Do I need to declare my RBF benefit in my tax return?

At retirement, depending on whether you choose a pension or a lump sum, you will receive the following documentation which you may need to include in your tax return:

### Contributory Scheme Life Pension:

- ▶ you will receive a 'PAYG payment summary – superannuation income stream' statement at the end of each financial year where you have assessable income. You may be required to include this in your tax return depending on your individual circumstances; and
- ▶ a Centrelink schedule – provided to you upon request only.

### Lump sum:

- ▶ you will receive a 'PAYG payment summary – superannuation lump sum' statement. You may be required to include this in your tax return depending on your individual circumstances.

## Will RBF provide me with regular information after I retire?

How often you receive information will depend on the retirement option(s) you have chosen:

### Contributory Scheme Life Pension:

- ▶ a pension update in January and July following any adjustment for increases in the Consumer Price Index;

### 100% lump sum payment:

- ▶ you will receive no further information from RBF, as you will no longer have a financial interest in the Fund.

## RBF website

We offer the member secure website where you can access all your defined benefit account details (except your RBF Life Pension or Contributory Scheme Life Pension details) including your Member Benefit Statements as at 30 June. You can also choose various options for your communications preferences.

## 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. If you would like to arrange an interview with an RBF Superannuation Consultant to discuss your retirement options and entitlements, please call the RBF Enquiry Line on **1800 622 631**.

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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 Statement, available on the RBF website at [www.rbf.com.au](http://www.rbf.com.au).

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## Contacting RBF

Contact RBF if you would like additional information or assistance.

RBF Enquiry Line: 1800 622 631 or  
+61 2 8571 6868  
(international)

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

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