Super SA

Government of South Australia

INFORMATION SHEET

Lump Sum Entitlements

The Lump Sum Scheme provides a wide range of entitlements, depending on your age and the circumstances under which you leave the SA public sector.

The retirement age in the Lump Sum Scheme is age 55. Members over age 55 who exit the scheme receive a retirement entitlement while members who exit the scheme before age 55 receive a resignation entitlement.

In addition, your benefit is affected by the circumstances under which you leave the SA public sector:

- Retirement
- Resignation
- Resignation where you receive a Targeted Voluntary Separation Package (TVSP)
- Retrenchment.

Entitlements are also payable upon:

- Temporary disablement
- Permanent disablement
- Death.

The entitlement calculations shown on the following pages do not include your PSESS Account (if any), your Rollover Account (if any), or your Triple S Account (if any). If you have a balance in either a PSESS Account, Rollover Account or Triple S Account, this will be payable in addition to the entitlements explained here.

To receive any of your entitlements you, your spouse and/or putative spouse or Estate in the case of your death, will need to complete the appropriate application form. This can be downloaded from the Super SA website or by contacting Super SA.

Retirement

If you retire at, or after, age 55, you will receive a lump sum equal to the balance of your Member Account including investment earnings, as shown on your Annual Statement, plus a defined Employer Component.

You may wish to consider Super SA's post-retirement products, the Super SA Flexible Rollover Product or the Super SA Income Stream. See page 6 for more information.

Your accrued points referred to in the table to the right are limited to a maximum of 420 (35 years). Months of membership will be proportionately reduced for any periods of part-time employment.

Your Entitlements Superannuation Salary (ESS) is your full-time equivalent annual salary at the time of application for entitlement. While you only pay contributions based on your substantive salary, if you have been in receipt of a higher duties allowance continuously for 12 months or more when you apply for your entitlement, your ESS will be based on the higher salary.

Example

If you joined the Scheme after 30 June 1992, work full-time and average 6% member contributions for 35 years, the employer component is 4.5 times ESS plus an additional award component of 35 x 3.4% = 1.19 times ESS. The total employer component in this case would be 5.69 times ESS.

In addition you would be paid the balance of your Member Account. The award component is adjusted for part-time employment (if any).

Retirement after age 55	
Employer component	(Accrued points/420 x 4.5) x ESS[1] plus ([Months of membership after 30 June 1992]/[12]) x (3.4%) x ESS[1]
plus	plus
Member account	Balance including investment earnings

1 Australian Government preservation rules are different from preservation rules in Super SA schemes. You need to be aware of this if you are rolling money out of a Super SA scheme and into the Super SA Flexible Rollover Product.

Resignation

If you resign from the SA public sector before the age of 55, you can choose one of the following three options:

- cash part of your lump sum entitlement subject to applicable tax rates which are determined by your age (refer to the **Pension and Lump Sum tax** information sheet for more details)
- preserve your accrued lump sum entitlement in the Lump Sum Scheme
- roll over an entitlement, which is fully preserved, to a complying super fund, such as the Super SA Flexible Rollover Product. A complying super fund is subject to the Commonwealth superannuation regulations and qualifies for concessional tax rates. If your entitlement is being rolled over to a complying taxed super fund, the Taxable (untaxed) component will be taxed by the new fund at 15% when it is received.

Resignation before age 55 Choose one of three options		
Roll over	Preserve	Cash
2 x Member Account[3] balance including investment earnings plus ([Months of membership after 30 June 1992]/[12]) x (3.4%) x ESS[1]	(Accrued Points/420 x 4.5) x ESS[2] plus ([Months of membership after 30 June 1992[4]]/[12]) x (3.4%) x ESS[1]	Superannuation Guarantee equivalent plus investment earnings from the date of resignation
plus	plus	plus
Balance including investment earnings	Balance including investment earnings	Balance including investment earnings

Employer Component as a multiple of Entitlements Superannuation Salary (ESS[2]) for members joining after 30 June 1992			
Years of membership paying 6%	Employer component	Additional award component	Total employer component
10	1.29	0.34	1.63
15	1.93	0.51	2.44
20	2.57	0.68	3.25
25	3.21	0.85	4.06
30	3.86	1.02	4.88
35	4.50	1.19	5.69

The table above shows how the employer component grows over time.

Cash part of your lump sum entitlement

If you resign before reaching age 55, you are able to access the non-preserved components of your entitlement. By doing so you will effectively lose most of your Employer Component. An Employer Component equal to the Australian Government Superannuation Guarantee (SG) obligations due to you from 1 July 1992, will automatically be preserved or can be rolled over.

The non-preserved components of your entitlement are:

- the balance of your Member Account
- the non-preserved part of your Rollover Account (if any).

You are not able to access the preserved components of your entitlement before age 55.

The preserved components of your entitlement are:

- your Employer Component (SG)
- the balance of your PSESS Account (if any)
- the preserved part of your Rollover Account (if any).

If your preserved components remain preserved in the Lump Sum Scheme, then your Employer Component and PSESS Account will become available at age 55. The preserved part of your Rollover Account is subject to Australian Government preservation rules. Your account balance(s) will continue to vary with investment earnings.

The preserved components may be paid earlier in the event of your total and permanent disablement or death.

You may choose to roll the preserved components of your entitlement into a complying super fund where they will become subject to Australian Government preservation rules.

If you are under age 55 and wish to claim your non-preserved components, you must do so within three months of leaving the SA public sector. If you do not claim your non-preserved components within this period of time they will remain preserved in the Lump Sum Scheme until you reach age 55 but can be rolled over at any time.

Any payment taken in cash or rolled over to another fund must have the tax components calculated in the same proportions as the components that make up your total entitlement.

1 Australian Government preservation rules are different from preservation rules in Super SA schemes. You need to be aware of this if you are rolling money out of a Super SA scheme and into the Super SA Flexible Rollover Product.

2 ESS – Entitlements Superannuation Salary is your full-time equivalent annual salary at the time of application for entitlement. If you preserve a benefit in the scheme your ESS at retirement/resignation will be indexed by the Consumer Price Index All groups index for Adelaide (CPI) until your entitlement is claimed.

3 The multiple of member account rolled over on resignation will be based on the lesser of your actual Member Account balance and your Notional Member Account (NMA) balance. Your NMA is the amount you would have accrued had you contributed at the rate of 6% throughout your contributory membership.

4 The award component based on months of membership is adjusted for part-time service (if any).

Preserving your accrued lump sum entitlement in the Lump Sum Scheme

Upon resignation, you may elect to preserve your accrued entitlement until your retirement on or after age 55.

You can claim your preserved entitlement any time between the ages of 55 and 65. It can only be paid before you turn 55 if you suffer total and permanent disablement or die.

However, if you preserve an accrued entitlement before age 55, you can subsequently elect to roll over an entitlement to a complying super fund at any time before age 55.

Your preserved accrued entitlement consists of the:

- balance of your Member Account
- Employer Component (a multiple of your ESS).
  The multiple is based on your length of contributory membership of the Scheme, your elected contribution rate and proportion of full-time employment.
  Your ESS is indexed by the CPI, between the date of resignation and the date of application for payment of the entitlement. The award component is adjusted for part time service (if any).

Your account balance(s) will continue to vary with investment earnings.

Rolling over an entitlement which is fully preserved

If you elect to roll over an entitlement before age 55 it will consist of:

- the balance of your Member Account
- an Employer Component that is the lesser of twice the balance of your Member Account or your Notional Member Account plus an award component adjusted for part time service (if any).

Your Notional Member Account is the amount you would have accrued had you contributed at the rate of 6% throughout your contributory membership.

If you choose this option, the entire entitlement you roll over will be preserved in your new scheme and will be subject to Australian Government preservation rules.

Resignation where you receive a Targeted Voluntary Separation Package (TVSP)

If you resign and receive a Targeted Voluntary Separation Package (TVSP) before age 55 you can choose from the same options as for resignation or alternatively you can claim an immediately payable lump sum entitlement.

The immediately payable lump sum entitlement consists of:

- the balance of your Member Account
- an Employer Component that is the lesser of twice the balance of your actual Member Account or Notional Member Account.

It is important to note, however, that entitlements taken in cash will be subject to applicable tax rates which are determined by your age (see the **Pension and Lump Sum tax** information sheet for more details).

A Superannuation Guarantee (SG) portion of your Employer Component is subject to preservation.

TVSP before age 55 (immediately payable option)	
Employer component	2 x Member Account[6] balance including investment earnings
plus	plus
Member account	Balance including investment earnings
Retrenchment before age 55	
2 x Member Account[6] balance including investment earnings plus ([Months of membership after 30 June 1992[7]]/[12]) x (3.4%) x ESS[5]	
plus	
Balance including investment earnings	

5 ESS (Entitlements Superannuation Salary) is your full-time equivalent annual salary at the time of application for entitlement.
6 The multiple of member account rolled over on resignation will be based on the lesser of your actual Member Account balance and your Notional Member Account (NMA) balance. Your NMA is the amount you would have accrued had you contributed at the rate of 6% throughout your contributory membership.
7 The award component based on months of membership is adjusted for part-time service (if any).

Retrenchment

If you are retrenched from the SA public sector before the age of 55, your employer must first satisfy the Super SA Board that there is no other position for which you are qualified and suited available for you.

Once the Super SA Board has been satisfied, you have three months in which to claim the retrenchment entitlement, otherwise it will be taken that you have elected to preserve your accrued lump sum entitlement.

The retrenchment entitlement consists of:

- the balance of your Member Account
- an Employer Component that is the lesser of twice the balance of your Member Account or your Notional Member Account plus an award component adjusted for part time service (if any).

With this entitlement you can choose to do one of the following:

- take the full amount as a cash payment, subject to applicable tax rates which are determined by your age (see the **Pension and Lump Sum tax** information sheet for more details)
- roll over part of the amount into a complying super fund, such as the Super SA Flexible Rollover Product, where it will become subject to Australian Government preservation rules, and take the balance as a cash payment
- roll over the full amount into a complying super fund, such as the Super SA Flexible Rollover Product, where it will become subject to Australian Government preservation rules.

Temporary disablement entitlements

If you are unable to work due to illness or injury before age 55, you may qualify for a temporary fortnightly income for a period of up to 12 months, and up to 18 months in certain circumstances.

Application forms and eligibility criteria are available from Super SA upon request. The Super SA Board must approve the payment of a temporary disablement entitlement.

The fortnightly income is equal to two-thirds of your current salary. If you were employed part time at the date of your temporary disablement, your salary is reduced proportionally to reflect any periods of part-time employment you may have had during the last three years.

If you are receiving, or are entitled to receive, regular workers' compensation payments, no temporary disablement pension is payable.

To receive a temporary disablement entitlement you must have exhausted all your sick leave entitlements, however you are not required to use any of your annual leave or long service leave entitlements.

You are not required to make after-tax contributions whilst in receipt of temporary disablement entitlements, however, your Employer Component will continue to grow as if you had.

For more information see the **Temporary Disablement Entitlement** fact sheet available on the Super SA website or by contacting Super SA.

Permanent disablement entitlements

Permanent disablement entitlement payments are subject to Super SA Board approval.

You should therefore not resign or accept termination on account of disablement without first getting written approval from the Super SA Board.

The Lump Sum Scheme provides an entitlement in case of termination on the grounds of total and permanent disablement before age 55.

Your extrapolated points in the table below are limited to a maximum of 360 (30 years) and proportionately reduced for any periods of part-time employment. Non-contributory members will receive an entitlement based on accrued points and accrued months of membership after 30 June 1992 to the date of termination.

If you are receiving, or are entitled to receive, regular workers' compensation payments in respect of total and permanent disablement, the Employer Component of the disablement lump sum is based on actual contributory membership only.

In the event of permanent disablement after age 55, normal retirement entitlements are paid.

Permanent Disablement	
Employer component	(Extrapolated points/360) x ESS[8] x 3.86 plus [Months of membership after 30 June 1992 to age 60[9]]/12 x 3.4% x ESS[8]
plus	plus
Member account	The greater of the Member Account balance including investment earnings or Adjusted ESS[8] x 2

8 ESS (Entitlements Superannuation Salary) is your full-time equivalent annual salary at the time of application for entitlement. Adjusted ESS is ESS proportionately reduced for periods of part-time employment.

9 The award component based on months of membership is adjusted for part time service (if any).

Death entitlements

The Lump Sum Scheme provides an entitlement if you die while you are employed by the SA public sector. The entitlement is payable to your spouse and/or putative spouse and eligible children (if any), or where there is no surviving spouse/putative spouse, to your Estate and orphans (if any).

Death entitlements payable where the member was under age 55 are reduced if your spouse is receiving, or is entitled to receive, workers' compensation payments in relation to your death.

Death entitlements

Spouse entitlement	
Employer component	(Extrapolated Points/420) x 3 x ESS[10] plus [Months of membership after 30 June 1992 to age 60[11]]/12 x 3.4% x ESS[10]
plus	plus
Member account	The greater of the member account balance including investment earnings or Adjusted ESS[10] x 2
Estate entitlement (no spouse but eligible children)	
(Months of membership after 30 June 1992 to age 60) /12 x 3.4% x ESS[10]	
plus	
The greater of the member account balance including investment earnings or Adjusted ESS[10] x 2	

Spouse/putative spouse and eligible children

Your extrapolated points in the table above are limited to a maximum of 420 (35 years) and proportionately reduced for any periods of part-time employment. Non-contributory members will receive an entitlement based on accrued points and accrued months of membership after 30 June 1992 to the date of resignation.

In addition to the spouse entitlement above, for any children under 16 years of age, or full-time students under age 25, a fortnightly income of up to a maximum of 5% of ESS is paid for each child/student. If there are more than three children/students, a maximum 15% of ESS is divided among them. Fortnightly incomes will be adjusted twice yearly according to the Consumer Price Index (CPI), All Groups Index for Adelaide.

Estate and orphans (no spouse/putative spouse but eligible children)

Your Estate will receive a lump sum as described in the table on the left.

In addition, any orphan children under the age of 16 or full-time students under the age of 25, receive a fortnightly income of up to a maximum of 15% of ESS is paid for each child/student. If there are more than three children/students, a maximum of 45% of ESS is divided among them. Fortnightly incomes will be adjusted twice yearly according to the CPI, All Groups Index for Adelaide.

Estate (no spouse/putative spouse and no eligible children)

Your Estate will receive a lump sum equal to your retirement entitlement, as though the date of your death was the date of retirement.

Limitation of entitlements

As part of the application for membership of the Lump Sum Scheme you were required to provide personal and medical information. The Super SA Board's medical consultants used this information to assess whether there was a statistical risk of premature death.

If such a risk was evident, the Super SA Board may have accepted your application for membership subject to a limitation of entitlements should your employment cease due to the disclosed medical condition(s). If a limitation was placed on your entitlements at the time of application for membership, the Super SA Board would have advised you in writing of the nature of the limitation and the circumstances in which it would apply.

Should the cause of death be unrelated to the disclosed medical conditions, normal entitlements will apply.

You may apply in writing to the Super SA Board to revoke any limitation of entitlements if you are able to produce appropriate medical evidence to satisfy the Super SA Board that the risk of premature death no longer exists.

10 ESS (Entitlements Superannuation Salary) is your full-time equivalent annual salary at the time of application for entitlement. Adjusted ESS is ESS proportionately reduced for periods of part-time employment.
11 The award component based on months of membership is adjusted for part time service (if any).

Factors that can affect entitlements

Leave Without Pay (LWOP)

If you are taking LWOP you need to contact Super SA to discuss your options. However, if you take two weeks LWOP or less you do not need to advise Super SA. Your employer will continue to deduct your member contributions during this time.

By choosing to maintain member contributions during your LWOP, your employer will continue to make contributions, ensuring that the Employer Component of your entitlement continues to accrue.

You will also maintain your Death and Total and Permanent Disablement entitlement as if you were in receipt of salary.

Please note that in the majority of cases you can only contribute for up to 12 months while on LWOP.

Members who are taking LWOP for periods of more than 12 months can seek approval from the Super SA Board to maintain their member contributions if they are:

- participating in an overseas aid program, or
- seconded to another employer, and the new employer meets the cost of employer contributions.

Approval will not be granted where you are on LWOP to pursue alternative career opportunities, even if your host employer is willing to pay employer contributions.

For more information, see the **Leave Without Pay** fact sheet available on the Super SA website or by contacting Super SA.

The Super SA Flexible Rollover Product (FRP)

The Super SA Flexible Rollover Product is a low cost place to park your super money while you decide what to do with it in the long term. You only need a minimum entry balance of $1,500 to get started.

Other features include the opportunity to consolidate your funds into a single account and create an account for your spouse or putative spouse.

For more information download the Super SA FRP **Product Disclosure Statement** available on the Super SA website or by contacting Super SA.

The Super SA Income Stream

The Super SA Income Stream offers you a flexible income stream in retirement, just like a salary. The Super SA Income Stream also gives you access to your money whenever additional cash is needed.

The opening balance required is a minimum amount of $30,000 and you need to have reached age 60. The Super SA Income Stream can offer significant tax benefits under current legislation.

Further information

The following information sheets and Product Disclosure Statements (PDSs) may be helpful if read in conjunction with the information presented above:

- Tax
- Leave Without Pay
- Temporary Disablement Entitlement
- Super SA Flexible Rollover Product PDS
- Super SA Income Stream PDS
- Lump Sum Scheme PDS

Information sheets on a range of topics relating to your super are available on the Super SA website and from Super SA. Alternatively, if you have any enquiries regarding member entitlements or any other matters raised in this information sheet, please contact Super SA.

Contact us

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