

Contributory Scheme

Your Whole of Lifetime Super Scheme

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Welcome to the Contributory Scheme

The Retirement Benefits Fund Contributory Scheme is a defined benefits superannuation scheme which, along with the Tasmanian Accumulation Scheme (TAS), is managed by a single non-profit corporate trustee, the Retirement Benefits Fund Board (the RBF Board).

The Contributory Scheme offers defined benefits through lump sums and pensions to certain permanent, temporary and contract public sector employees. This scheme was closed to new employees appointed on or after 15 May 1999.

TAS is designed to cover all public sector employees who are not members of the Contributory Scheme and who have not made alternative superannuation arrangements. TAS members receive superannuation benefits at least to the minimum required by Commonwealth legislation. TAS covers any new employee appointed on or after 15 May 1999.

In most cases, benefits under the Contributory Scheme are guaranteed by the State. The RBF Board seeks to comply with all Commonwealth superannuation standards.

The majority of investments are handled by investment managers appointed directly by the RBF Board. Tasmanian property and mortgages are managed internally.

Contributory Scheme Membership

Permanent employees

Permanent Tasmanian public sector employees, under the age of 65, and appointed to a permanent full-time position prior to 15 May 1999, automatically became members of the Contributory Scheme.

Permanent part-time employees were not required to contribute before 1 July 1994, but could elect to do so.

Temporary employees

Temporary employees have been able to join the Contributory Scheme since 1974, provided they could satisfy the eligibility requirements.

From 1 July 1994 a person who had been employed continuously in a temporary full or part-time capacity for at least two years could elect, within twelve months of completing two years continuous service, to join the Contributory Scheme.

With the closure of the Contributory Scheme from 15 May 1999, only temporary employees employed before that date had the opportunity to exercise a right of election. The last date that a temporary employee could be admitted to the Contributory Scheme was 14 May 2002.

Contract employees

Contract employees have been able to join the Contributory Scheme since 1982 provided they could satisfy the eligibility requirements.

From 1 July 1994 a person employed within an Agency under a contract(s) of not less than three years duration could elect, within twelve months of entering into the contract(s), to join the Contributory Scheme. If the contract(s) made provision for alternative superannuation arrangements, then eligibility to join the Contributory Scheme was removed.

A contract employee, appointed to a three-year contract on or after 14 May 1999 could not be admitted to the Contributory Scheme after 14 May 2000.

Contributory Scheme Membership

Permanent part-time employees and married female employees

The *Public Sector Superannuation Reform Act 1999* provides for certain permanent part-time and married females to join the Contributory Scheme. To be eligible the following requirements must be satisfied.

Permanent part-time employees

To be eligible to join the Contributory Scheme a permanent part-time employee must:

- have been continuously employed in a permanent part-time capacity in the Tasmanian public sector from before 1 July 1994; and
- not have previously elected to contribute to the Contributory Scheme.

Married female employees

Married female employees who are not Contributory Scheme members may elect in writing, at any time, to become Contributory Scheme members if they:

- were employed in a permanent capacity in the Tasmanian public sector before 1 July 1982; and
- have been continuously employed since that date.

Inward portability of benefits

As a member of the Contributory Scheme, you may pay all or part of any benefit you have received from another superannuation scheme, or any eligible termination payment received under a redundancy program, into the RBF Investment Account.

The RBF Investment Account is a superannuation accumulation plan which is subject to Commonwealth rules regarding the acceptance of contributions, the preservation of contributions and the payment of benefits.

Although contributions to the RBF Investment Account do not directly affect your Contributory Scheme benefit, they can be used to enhance your retirement benefit by providing an additional lump sum.

People not covered by either scheme

Most public sector employees are members of either the Contributory Scheme or the RBF Tasmanian Accumulation Scheme (TAS) or have the opportunity to become members of TAS. Those who are not members are:

- people in an Agency who are not classified as employees by the Commonwealth's *Superannuation Guarantee (Administration) Act 1992*;
- employees who have made alternative superannuation arrangements; or
- employees who are part of an employer-funded superannuation scheme established by a State Agency or Authority.

Contributory Scheme Membership

Exemptions from Contributory Scheme membership

An exemption from membership of the Contributory Scheme can be gained by satisfying RBF that adequate alternative superannuation arrangements have been made. Exemption may also be sought by:

- married women who began continuous employment before 1 July 1982 and who currently contribute;
- contributors who formerly were permanent employees, but whose employment status changes to temporary; and
- contract employees whose contracts make provision for alternative super arrangements.

Contributory Scheme members whose employment status changes to casual are not allowed to retain Contributory Scheme membership.

Permanent employees who, immediately before 1 April 1987, did not contribute because they had failed a medical examination have the choice of contributing or remaining exempt.

A request for exemption must be in writing to RBF. If granted, the exempt person:

- ceases to be a member of the Contributory Scheme;
- is entitled to a benefit equal to a resignation benefit, which is preserved; and
- automatically becomes a member of the RBF Tasmanian Accumulation Scheme. This applies to all members except those employed by a prescribed contract of employment that makes provision for alternative superannuation arrangements.

Medical requirement for full benefits

A Contributory Scheme member who wishes to gain full death and invalidity cover must first undergo and pass an examination by a medical practitioner approved by RBF. The medical practitioner will determine if the member is suffering any physical or mental condition likely to render him or her incapable of working before reaching the age of retirement.

If you became a Contributory Scheme member without undergoing a medical examination, or failed to satisfy RBF of your health, you will be restricted to limited benefits for death and invalidity cover for the first 10 years of contributory membership of the fund. After 10 years contributory membership you will be entitled to full benefits cover.

It should be noted that service while on sick leave without pay or any service purchased under the regulations is excluded from the definition of contributory service when determining full benefits.

Contributory Scheme Contributions

Employee and employer contributions

If you are a member of the Contributory Scheme, both you and your employer contribute towards your superannuation benefit. Your basic contribution is 5% of salary however, Contributory Scheme members who joined prior to 1 April 1987 could contribute at 2.5%. You may choose to increase the 5% contribution rate by multiples of 1% to a maximum of 15%. The employer contribution varies in line with your contribution. Unlike your contribution, the employer contribution is not paid until you reach your preservation age and retire from employment with the Tasmanian public sector.

The following table shows only the notional employer contribution applied for service accruing after 1 July 1993.

EMPLOYEE CONTRIBUTION % OF SALARY	NOTIONAL EMPLOYER CONTRIBUTION AS % OF FAS(3)*	BENEFIT MULTIPLE FACTOR** AS % OF FAS(3) OR FAS(1) FOR PRE-1 JULY 1993 SERVICE	BENEFIT MULTIPLE FACTOR AS % OF FAS(3) OR FAS(1) FOR POST-1 JULY 1993 SERVICE
2.5	7.5	10.00	10.00
5.0	15.00	20.00	20.00
6.0	15.25	20.60	21.25
7.0	15.50	21.70	22.50
8.0	15.75	22.90	23.75
9.0	16.00	24.20	25.00
10.0	16.25	25.40	26.25
11.0	16.50	26.70	27.50
12.0	16.50	-	28.50
13.0	16.50	-	29.50
14.0	16.50	-	30.50
15.0	16.50	-	31.50

* 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.

**Benefit Multiple Factor is the factor by which each year of full-time equivalent service is multiplied. The Benefit Multiple Factor relates to a members contribution rate and forms part of the defined benefit formula.

Note: The ability to contribute at a rate in excess of 11% was not introduced until October 2002.

Salary Sacrifice to the Contributory Scheme

From 27 July 2005 members can elect to make contribution to the Contributory Scheme by way of salary sacrifice. Salary Sacrifice contributions are employer contributions and are subject to 15% contribution tax.

Members who salary sacrifice will pay an adjusted rate to compensate for the contribution tax the Fund is required to deduct. The table below shows the salary sacrifice equivalent contribution required to be deducted.

PRE SALARY SACRIFICE EMPLOYEE CONTRIBUTION % OF SALARY	SALARY SACRIFICE EQUIVALENT CONTRIBUTION % OF SALARY
2.5	2.94
5.0	5.88
6.0	7.06
7.0	8.24
8.0	9.41
9.0	10.59
10.0	11.76
11.0	12.94
12.0	14.12
13.0	15.29
14.0	16.47
15.0	17.65

Contributory Scheme Contributions

Commencement and cessation of contributions

Contributions by a permanent employee commence on the day of appointment and cease on the day the person ceases to be employed or the person reaches 70 years of age, whichever occurs first.

The contributions of a temporary employee commence from the date of the election to join the Contributory Scheme and continue until the earlier of the date the person ceases to be employed or the person reaches 70 years of age.

It should be noted that a member who has reached 65 years of age and continues to work at least 10 hours a week may elect not to contribute. A member who has reached 65 years of age and works less than 10 hours a week is not permitted to contribute.

Reduction in contribution rate

A member who contributes in excess of 5% of salary (including members who salary sacrifice) may elect to revoke or vary their rate of contribution at any time. Where an election is made to reduce the rate of contribution, RBF may refund the excess contributions together with interest paid prior to 30 June 1999, provided it is satisfied that the employee would suffer financial hardship if the refund were not made.

Contributions on leave

If you undertake any form of paid leave, you will be required to maintain the payment of contributions.

Sick Leave

If you are on sick leave without pay, or less than full pay, you are required to contribute. You may pay in advance or continue to make regular contributions during the leave. You may also seek to defer the payment of contributions for up to a maximum period of 2 years. Such a deferral is subject to any conditions RBF may impose in relation to the repayment of the contributions and may include the payment of interest on those contributions.

Parental Leave

Parental leave includes any period not exceeding 12 months on any one occasion of unpaid maternity, paternity or adoption leave. If you are on parental leave, you may pay contributions in advance, continue to make regular contributions during the leave, or seek to defer payment on the same basis as sick leave. You may also choose not to pay contributions. If this option is chosen, the period of leave will not be recognised as service for benefit calculation purposes. However, the period of leave may be purchased at full actuarial cost (present value of both employee and employer contributions), at any time whilst you are an employee.

Other Leave

If you take leave without pay for any other reason, you cannot contribute during the leave period. The period of leave will not be recognised as service for benefit calculation purposes. This leave may be purchased at full actuarial cost (present value of both employee and employer contributions), at any time whilst you are an employee.

A member who proceeds on leave without pay for 20 continuous working days or less is required to maintain contributions.

Contributory Scheme Contributions

Contributions by seconded employees

A member seconded to a position outside the State public sector continues to be a member of the Contributory Scheme during the period of the secondment. Unless a secondment is approved by the Minister, the salary used for the purposes of determining benefit entitlements and contributions payable is the salary of a member's substantive public sector position. The member is required to maintain payment of normal contributions (5% to 15%) during the period of the secondment. These contributions may be forwarded to RBF by the seconding employer.

Buying service

You may be able to increase your end benefit by "buying" certain periods of Service. Service may be purchased if:

- immediately before becoming a contributor you were a student teacher, cadet, apprentice or trainee in a State Agency;
- before 1 July 1982, you had continuous permanent full-time service in an Agency for which contributions were not made;
- your service has included leave without pay and/or parental leave for which you have not made contributions;
- your service has been reduced by service penalties imposed under the previous public sector super scheme; or
- you have previously been a member of the Contributory Scheme but have now ceased to be a member.
- as a married female employee you had elected not to pay contributions or had not been obliged to make contributions.
- you had previously been exempt from making contributions to the previous public sector scheme.

To "buy" recognition of all or part of any of the above types of service you must make a lump sum payment. The amount payable is based on actuarial factors and represents the present value of both employee and employer contributions. The lump sum must be paid within 12 months of entering into an arrangement with RBF.

Upgrading your rate of contributions

You can increase your Benefit Multiple Factor (see definition on page 7) by increasing your contribution rate for future service or by upgrading past service to a higher contribution rate.

You may elect, at any time, to increase your prospective contribution rate up to a maximum of 15%. Members increasing from 2.5% will be required to undergo a medical examination. Fund rules do not permit members to retrospectively upgrade service to a rate that exceeds 11%.

Note: The arrangement to purchase or upgrade contributions requires an arrangement with the RBF Board. Any such arrangements will be required to comply with the terms of the Trust Deed.

Member Accounts

Your contribution account

The RBF Board has established a separate contribution account for each member of the Contributory Scheme. Your contributions and interest (calculated at the Fund earning rate) are credited to your own account, less any administration charges or taxes.

RBF Investment Account

RBF also has an Investment Account which is accessible to all state public sector employees irrespective of whether they are a member of the Tasmanian Accumulations Scheme or Contributory Scheme.

The RBF Investment Account will accept:

- voluntary contributions;
- salary sacrifice payments from state public sector employees;
- money transferred from other superannuation schemes;
- benefits preserved by former members; and
- any interest earned on these funds.

Members that have money in the Investment Account can choose from a range of investment options. The Member Investment Choice (MIC) options offered by RBF have varying degrees of risk and return which means members can choose the most suitable investment option/s for their circumstances.

If a member does not exercise investment choice, the member's funds will automatically be invested in a default option, currently the Actively Managed option.

The Investment Account has no entry or exit fees and no commissions. RBF charges an administration and investment management fee which is deducted from investment returns prior to crediting to member accounts.

If you would like more information about either the Investment Account or MIC, please contact RBF on 1800 622 631 or online at www.rbf.com.au

RBF Compulsory Preservation Account

By law, the unfunded employer component of any lump sum paid to a Contributory Scheme member who resigns must be preserved as superannuation until that person reaches preservation age and retires from work.

RBF has a Compulsory Preservation Account in which details of these notional amounts are held. The Compulsory Preservation Account attracts interest which is credited weekly at a rate which is the greater of the Consumer Price Index and Average Weekly Ordinary Time Earnings.

Release of benefits

Release of benefits from the RBF Investment Account are subject to Commonwealth preservation requirements:

1. While I am a public sector employee

Generally you cannot access any contributions you have made while you remain a public sector employee.

2. After I have ceased being a public sector employee

(i) Salary Sacrifice

Any salary sacrifice payments cannot be accessed as cash until you reach your preservation age and retire from the workforce.

(ii) Contributions made and interest credited prior to 1 July 1999

Any personal superannuation contributions made to the RBF Investment Account prior to 1 July 1999 together with interest on those contributions can be accessed as cash on ceasing employment.

(iii) Contributions made and interest credited on or after 1 July 1999

Under Commonwealth legislation you can only access contributions made on or after 1 July 1999, or any superannuation money which has a preserved status or interest credited on or after 1 July 1999, if:

- you are found by RBF to be totally and permanently incapacitated; or
- you have been receiving Centrelink/Veterans Affairs benefits for at least 26 continuous weeks and can obtain a 'Q230 letter' from Centrelink/Veterans Affairs (you must also satisfy financial hardship criteria); or
- you are aged at least 55 years, 39 weeks and you have been receiving Centrelink/Veterans Affairs benefits for a cumulative 39 weeks and can obtain a 'Q251 letter' from Centrelink/Veterans Affairs; or
- you meet certain criteria based on compassionate grounds; or
- you reach retirement age and have retired from the workforce.

Contact RBF on 1800 622 631 for further information.

Member Accounts

Preservation age

Under Commonwealth superannuation legislation the preservation age is the age at which a member can gain access to preserved benefits, provided the member has retired from the workforce. The table below shows your preservation age.

Date of Birth	Preservation age
Before 1/7/60	55
1/7/60 - 30/6/61	56
1/7/61 - 30/6/62	57
1/7/62 - 30/6/63	58
1/7/63 - 30/6/64	59
After 30/6/64	60

Deductions for death and invalidity cover

Each member under age 60 has a premium deducted from his or her Contributory Scheme account for death and disability insurance. The premium is set with effect from 1 October each year and is based on the member's salary and the Fund's actual costs in providing death and disability benefits in the previous financial year.

Calculating your Lump Sum

When benefits are payable

The benefit of a Contributory Scheme member is calculated at the time that member leaves the public sector:

If a Contributory Scheme member either retires after reaching preservation age, qualifies for invalidity benefits, dies, or RBF releases his or her preserved funds, that member's benefit is equal to the sum of any of the following accounts held by the member:

- the Contributory Scheme lump sum benefit (see below), plus
- the Compulsory Preservation Account, plus
- the RBF Investment Account.

Benefits may be taken as a Lump Sum, a Life Pension*, an Allocated Pension, a Term Allocated Pension or a combination of any of these.

Salary for benefit calculation purposes

For RBF purposes "salary" includes wages, allowances and discretionary benefits paid or payable to a person whilst an employee. Salary also includes an amount paid by an Agency to a complying superannuation fund on behalf of an employee who has the option of receiving the amount as salary or another form of benefit.

Salary does not include:

- bonuses or payments for special services of an occasional nature; or
- payments in respect of travelling or other work-related expenses; or
- payments in respect of accrued recreation leave or long service leave that is not taken as leave but for which a lump sum payment is made; or
- any wages, allowances or discretionary benefits in respect of which contributions have not been paid by a person while an employee; or
- any increase in salary ratified after cessation of employment.

In the calculation of benefits, the salary used is the average annual salary received during the three years immediately prior to resignation, retirement or death. This "average annual salary" is expressed as FAS(3). If a contributor leaves the workforce and has less than three years service, the salary will be averaged over the actual period of service.

Service and salary for part-time members

For benefit calculation purposes, part-time service is adjusted to an equivalent period of full-time service. In the event the member is employed in a part-time capacity during the final three years of service, the salary used for benefit calculation purposes is the salary the member would have received if employed in a full-time capacity.

*Available to persons who were members of the fund as at 15 May 1999.

Calculating your Lump Sum

Reduction in salary

Where the salary of a Contributory Scheme member has reduced for reasons other than part-time employment, the member may apply in writing to RBF, not later than 12 months after the reduction occurred, to be allowed to continue to pay contributions on the former higher salary. Contributions on the higher salary are paid from the day the reduction took effect and end on the day the contributor's salary becomes equal to or greater than the salary received immediately before the reduction.

Where the salary is reduced as a result of the loss of an allowance RBF will determine whether the allowance is to be counted as salary for benefit calculation purposes.

Benefits on retiring after preservation age

A member who retires after his or her preservation age is entitled to a lump sum calculated as follows:

$$\text{LUMP SUM} = \text{FAS(3)}^* \times \text{Contributory Service} \times \text{Benefit Multiple Factor}$$

Example A

Simon decided to retire at 60. At that time he had:

- contributed at 5%, for a Benefit Multiple Factor of 20%
- a FAS(3) of \$40,000
- 35 years contributory service

Simon's lump sum is \$280,000, calculated as follows:

$$\text{LUMP SUM} = \$40,000 \times 35 \times .20 = \$280,000$$

Example B

If Simon had contributed for 30 years at 5% (Benefit Multiple Factor of 20%) and for a further five years, after 1 July 1993, at 8% (Benefit Multiple Factor of 23.75%), his lump sum would be calculated as follows:

LUMP SUM	=	\$40,000 x 30 x .20	=	\$240,000
		Plus		+
		\$40,000 x 5 x .2375	=	\$ 47,500
TOTAL	=			\$287,500

*See page 7 for definitions of FAS(3) and Benefit Multiple Factor.

Calculating your Lump Sum

Benefits on redundancy or compulsory retirement

Before age 60

A member under age 60 retiring because of redundancy or compulsory retirement is entitled to a lump sum calculated as follows:

$$\text{LUMP SUM} = \text{FAS(3)}^* \times \text{Contributory Service} \times \text{Benefit Multiple Factor}$$

A member who elects to take redundancy before preservation age may choose to take part of the benefit in cash, or preserve the full amount until reaching preservation age. At preservation age the benefit may be taken as a lump sum or converted to a pension.

If the member decides to take part of the benefit before preservation age, they are entitled to the lesser of the total lump sum, or 3.5 times their account balance (contributions plus interest). Where the total lump sum is the greater of these two amounts, the excess must be preserved.

Example

Nicholas, 40, has accepted a redundancy offer. He has:

- contributed at 5%, so has a Benefit Multiple Factor of 20%
- account balance of \$33,000
- a FAS(3) of \$40,000
- 15 years service

Nicholas has a lump sum redundancy entitlement of \$120,000, calculated as follows:

$$\text{LUMP SUM} = \$40,000 \times 15 \times .20 = \$120,000$$

Nicholas has an account balance of \$33,000. If he decided to access as much cash as he could, he would be entitled to take a cash lump sum of \$115,500 calculated as follows:

$$\text{CASH LUMP SUM} = \$33,000 \times 3.5 = \$115,500$$

The difference between the total lump sum Nicholas is entitled to receive and the cashable amount is \$4,500 (\$120,000 less \$115,500 = \$4,500) which must be preserved until Nicholas reaches preservation age and retires from the workforce.

This example demonstrates how the accessible amount is determined. It should be noted that any contribution made by a member or benefit which accrues after 30 June 1999 must also be preserved.

*See page 7 for definitions of FAS(3) and Benefit Multiple Factor.

Calculating your Lump Sum

Member over age 60 but under age 65

A member over age 60 but under age 65 who accepts redundancy or is retired compulsorily is entitled to a lump sum calculated in a similar way to that shown on the previous page, but with an additional Prospective Service component which recognises that the member is aged at least 60 at the time of redundancy. The formula is:

$$\text{LUMP SUM} = \text{FAS(3)}^* \times \text{Contributory Service} \times \text{Benefit Multiple Factor} \\ \text{Plus} \\ \text{FAS(3)} \times \text{Prospective Service to 65 years} \times 20\%$$

Example

Allan is retired compulsorily at 60. He has:

- contributed at 5%, so has a Benefit Multiple Factor of 20%
- a FAS(3) of \$40,000
- 25 years contributory service
- 5 years prospective service to 65

Allan has a lump sum of \$240,000, calculated as follows:

LUMP SUM	=	\$40,000 x 25 x .20	=	\$200,000
		<i>Plus</i>		+
		\$40,000 x 5 x .20	=	\$40,000
TOTAL	=			\$240,000

*See page 7 for definitions of FAS(3) and Benefit Multiple Factor.

Calculating your Lump Sum

Full benefits on invalidity or death

A contributor for full benefits who is forced to retire as a result of Total and Permanent Incapacity, or who dies*, has a benefit entitlement calculated as follows:

$$\text{LUMP SUM} = \text{FAS(3)**} \times \text{Contributory Service} \times \text{Benefit Multiple Factor} \\ \text{Plus} \\ \text{FAS(3)} \times \text{Prospective Service} \times 20\%$$

In this case, Prospective Service is the period in years from the date of retirement or death to the lesser of:

- age 60; or
- 25 years

Prospective Service is always calculated at the basic contribution rate. For members contributing at the rate of 2.5% the Benefit Multiple Factor for Prospective Service is 10%. For all other members the Benefit Multiple Factor for Prospective Service is 20%. In the event of the death of a contributor a benefit based on this formula is also payable to a surviving partner, registered carer or the contributor's estate.

Example

Ill health forces Joan to retire at 30, after 5 years service. Joan had:

- contributed at 8% for the 5 years he worked after 1 July 1993
- 25 years Prospective Service (maximum allowed) at the basic contributory rate of 5%
- a FAS(3) of \$40,000

Joan's lump sum is \$247,500, calculated as follows:

LUMP SUM	=	\$40,000 x 25 x .20	=	\$200,000
		<i>Plus</i>		+
		\$40,000 x 5 x .2375	=	\$47,500
TOTAL	=			\$247,500

It should be noted that in most cases a contributor who retires due to Total and Permanent Incapacity is only permitted to access part of the benefit as a lump sum. The remainder must be taken as an annual pension.

This does not apply where 2 doctors certify that the member is terminally ill and death is likely to occur within 12 months.

If you apply for an invalidity or incapacity benefit you should not resign or retire until you know and accept the outcome of your application.

*In the event of the death of a contributor the spouse of the contributor, or if the contributor has so elected, the estate of the contributor is entitled to a benefit calculated in the same manner.

**See page 7 for definitions of FAS(3) and Benefit Multiple Factor.

Calculating your Lump Sum

Limited benefits on invalidity or death

A contributor for limited benefits who is forced to retire as a result of Total and Permanent Incapacity, or who dies*, has a benefit entitlement calculated as follows:

$$\text{LUMP SUM} = \text{FAS(3)**} \times \text{Contributory Service} \times \text{Benefit Multiple Factor} \\ \text{Plus} \\ \text{FAS(1)**} \times \text{Prospective Service to 60} \times \text{Super Guarantee Rate***}$$

Example

Anne, 40, retires after 8 years service because of ill health as a limited benefits contributor. She has:

- contributed at 5%, so has a Benefit Multiple Factor of 20%
- a FAS(3) of \$40,000
- a FAS(1) of \$45,000
- 20 years Prospective Service to 60
- a Super Guarantee Rate of 9%

Anne's lump sum is \$145,000, calculated as follows:

LUMP SUM	=	\$40,000 x 8 x .20	=	\$64,000
		Plus		+
		\$45,000 x 20 x 9%	=	\$81,000
TOTAL	=			\$145,000

It should be noted that in most cases a contributor who retires due to Total and Permanent Incapacity is only permitted to access part of the benefit as a lump sum. The remainder must be taken as an annual pension.

This does not apply where 2 doctors clarify that the member is terminally ill and death is likely to occur within 12 months.

If you apply for an invalidity or incapacity benefit you must remain a public sector employee. You should not resign or retire until you know and accept the outcome of your application.

*In the event of the death of a contributor a benefit based on this formula is also payable to a surviving partner, registered carer or the contributor's estate.

**See page 7 for definitions of FAS(3), FAS(1) and Benefit Multiple Factor.

***Super Guarantee Rate is the minimum employer contribution permitted under Commonwealth law. Currently the Super Guarantee Rate is 9%.

Calculating your Lump Sum

Who is eligible to receive Death Benefits?

If you die as a member of the Contributory Scheme, a Death Benefit is payable.

A pension or Lump Sum Death Benefit is paid to your surviving partner* unless:

- RBF considers your surviving partner is incapable of administering his or her own affairs; or
- you have elected in writing for RBF to pay the benefit to your estate.

If you do not have a surviving partner; a Lump Sum Death Benefit is payable to your registered carer**, or if you do not have a registered carer; to your estate.

Dying as a Pensioner

If you die while you are in receipt of a Life Pension your surviving partner* will be entitled to a Death Benefit.

Your surviving partner can take the Death Benefit as a:

- Lump Sum; or
- Life Pension (which will be two-thirds of the pension you were being paid); or
- a combination of a Life Pension and a Lump Sum.

If your surviving partner takes the benefit as a Lump Sum, he or she can invest it in the RBF Investment Account or use it to purchase an RBF Allocated Pension and/or Term Allocated Pension.

The amount of the Death Benefit payable is based on the pension paid before death.

If you have chosen to receive a pension that stops when you die, your surviving partner will not be paid a Death Benefit. This type of pension is known as a non reversionary Life Pension.

If you die while you are receiving a pension and you do not have a surviving partner a Death Benefit is not payable.

*Surviving partner means the widow or widower of an RBF member, or the person with whom the member was in a significant relationship within the meaning of the *Relationships Act 2003*, but only where that widow, widower or person was, in the opinion of the Board –

- living with the RBF member at the time of his or her death on a genuine domestic basis; or
- in receipt of significant financial support from that member.

For the purposes of the *Relationships Act 2003*, a significant relationship is between two adults:

- who have a relationship as a couple; and
- who are not married to one another or related by family.

**Registered carer means a person with whom the member was in a caring relationship which was subject to a deed of relationship registered under Part 2 of the *Relationships Act 2003*.

Calculating your Lump Sum

Benefits on resignation or dismissal

5 or more years Contributory Scheme membership

A member under his or her preservation age who resigns or is dismissed from the workforce after 5 or more years Contributory Scheme membership is entitled to a lump sum calculated as follows:

$$\text{LUMP SUM} = \text{FAS(3)*} \times \text{Contributory Service} \times \text{Benefit Multiple Factor}$$

Example

Michelle, 43, resigns after 17 years service. She has:

- contributed for 17 years at 5%
- a FAS(3) of \$40,000

Michelle's lump sum is \$136,000, calculated as follows:

$$\begin{aligned} \text{LUMP SUM} &= \$40,000 \times 17 \times .20 \\ &= \$136,000 \end{aligned}$$

As Michelle is under her preservation age, she can only access approximately 30% of the lump sum entitlement as at 30 June 1999.

Less than 5 years Contributory Scheme membership

The benefit payable to a member with less than 5 years Contributory Scheme membership cannot be less than that provided under Superannuation Guarantee arrangements. In practice, the benefit payable is determined by the formula that provides the greater benefit based on the two formulae detailed below:

LUMP SUM =

Formula 1

Balance of Contributor's Account + Tasmanian Accumulation Scheme Benefit[†]

OR

Formula 2

$$\left([\text{FAS(3)} \times \text{Contrib. Service} \times 15\%] \times \frac{\text{N}^*}{1825} \right) + \text{Balance of Contributor's Account}$$

**N = Contributor's service in days*

[†]The benefit the member would have received had he or she been a member of the Tasmanian Accumulation Scheme (currently based on 9% of member's salary).

*See page 7 for definitions of FAS(3) and Benefit Multiple Factor.

Calculating your Pension

The pension calculation

Contributory members may convert all or part of a lump sum benefit to an indexed life pension. This is the pension formula:

$$\text{ANNUAL PENSION} = \frac{\text{Lump Sum} \times \% \text{ to become Pension}}{\text{Conversion Factor}^*}$$

Example

Amanda retired at age 60, with a lump sum entitlement of \$275,000. This comprised:

- \$200,000 from the Contributory Scheme
- \$75,000 rolled into the Investment Account from a previous super fund

Amanda had been a member of the Contributory Scheme since 1981. Amanda decided to convert her total lump sum into a pension, two-thirds of which will also flow on to her partner if she dies first. Her annual pension is \$21,146, calculated as follows:

$$\frac{(200,000 \times 100\%)}{12} = \$16,666 \quad + \quad \frac{(\$75,000 \times 100\%)}{16.7427} = \$4,480 \quad = \quad \$21,146$$

Pension conversion factors

(a) Protected Conversion Factor

Members who were contributors at 30 June 1994 and have continuous service since that date, retain the right to have lump sum entitlements converted to a pension using a factor of 12. This is called a protected conversion factor option.

The lump sums covered by a protected conversion factor are:

- redundancy entitlements, including the preserved benefits of former employees under age 55;
- invalidity entitlements, where the member decides to convert the benefit to a pension; and
- all retirement and death entitlements.

(b) Non-protected Conversion Factor

Members who joined the Contributory Scheme after 30 June 1994 do not have access to the protected conversion factor of 12. The non-protected conversion factor used to calculate the pensions of post 30 June 1994 members is amended from time to time on the advice of the Board's Actuary.

*See pension conversion factors on page 23.

Calculating your Pension

Pension conversion factors

Pension conversion factors are determined on the advice of the Board's Actuary. The following factors are current as at 1 July 2005. When identifying the appropriate factor, consideration is given to the age and gender of the member and whether there is a pension flow-on (reversionary right) to a surviving partner. **Important: as these factors are subject to change without notice, you should confirm the current factors with RBF prior to making any decisions.**

REVERSIONARY RIGHT FOR SURVIVING PARTNER The conversion factors below currently apply where two-thirds of a member's pension is to transfer to a partner on the member's death.			PENSION WITHOUT REVERSION TO SURVIVING PARTNER The conversion factors below currently apply where no pension will transfer to a partner on the member's death.		
*AGE	MALE	FEMALE	*AGE	MALE	FEMALE
55	18.3886	18.3191	55	16.2361	17.6352
56	18.1015	18.0249	56	15.8910	17.3285
57	17.8050	17.7203	57	15.5370	17.0119
58	17.4989	17.4052	58	15.1744	16.6852
59	17.1831	17.0794	59	14.8032	16.3482
60	16.8575	16.7427	60	14.4235	16.0006
61	16.5219	16.3949	61	14.0353	15.6424
62	16.1763	16.0358	62	13.6389	15.2735
63	15.8206	15.6654	63	13.2343	14.8936
64	15.4546	15.2837	64	12.8214	14.5028
65	15.0781	14.8908	65	12.4002	14.1008
66	14.6910	14.4867	66	11.9705	13.6877
67	14.2952	14.0730	67	11.5373	13.2662
68	13.8909	13.6502	68	11.1012	12.8370
69	13.4785	13.2189	69	10.6631	12.4008
70	13.0589	12.7799	70	10.2240	11.9583
71	12.6328	12.3340	71	9.7850	11.5106
72	12.2010	11.8823	72	9.3471	11.0585
73	11.7643	11.4259	73	8.9118	10.6035
74	11.3240	10.9662	74	8.4805	10.1467
75	10.8810	10.5044	75	8.0547	9.6893
76	10.4367	10.0419	76	7.6360	9.2326
77	9.9926	9.5803	77	7.2260	8.7779
78	9.5500	9.1211	78	6.8263	8.3267
79	9.1104	8.6659	79	6.4380	7.8805
80	8.6751	8.2167	80	6.0624	7.4410
81	8.2457	7.7753	81	5.7005	7.0101
82	7.8234	7.3437	82	5.3530	6.5894
83	7.4098	6.9237	83	5.0204	6.1807
84	7.0065	6.5176	84	4.7035	5.7858
85	6.6148	6.1273	85	4.4029	5.4064

*Conversion factors for members aged less than 55 are available on request.

Calculating your Pension

Interim invalidity pensions

Interim Invalidity means that RBF considers you to be currently unfit to work in any position for which you are qualified by education, training or experience; but it is likely that you will recover sufficiently to be able to return to work for which you are qualified.

A member who has been on sick leave without pay for 30 consecutive days may be entitled to a pension equal to 75% of the salary he or she would have received during the previous 12 months, had he or she continued to be employed. This pension is payable for a maximum of two years, or any shorter period the Board may determine.

The pension will be suspended if the member is restored to health, receives workers' compensation payments, or engages in any business or occupation.

Pension payments stop when the period set for the interim pension expires. The member then either returns to work or is granted a Total and Permanent or, if eligible, a Partial and Permanent Incapacity benefit.

Half-yearly pension adjustment

RBF will increase your pension twice a year (first full pay in January and first full pay in July) in line with movement in the *Consumer Price Index* (CPI). If the CPI is negative your pension will remain at the same level until the next positive return.

How and when pensions are paid

Pensions are paid fortnightly, and calculated by dividing the annual amount by 26.

Payments are made in a manner determined by RBF after considering the wishes of the recipient.

Reduction or suspension of invalidity pensions

Invalidity pensions may be suspended or reduced if the recipient:

- engages in any business or occupation;
- is, in RBF's opinion, gainfully employed; or
- has recovered sufficiently to be able to be gainfully employed.

Anti-detriment Rights

Introduction

This section only applies to members of the Contributory Scheme who were contributing as at 1 July 1994 and have continued as members of the Contributory Scheme since then.

The rights and entitlements enjoyed by members of the fund prior to 1 July 1994 are protected by anti-detriment provisions contained in the regulations.

The anti-detriment provisions allow those who were members as at 1 July 1994, to retire and receive a benefit calculated in accordance with the provisions of the previous scheme.

In practice, if you were a contributor at 30 June 1994, you will have the choice of taking your entitlement as a pension under the previous scheme or the present scheme. Members are not required to make a choice until they cease employment at which time they will be provided with the full range of options available.

Your Superannuation Accumulation Fund (SAF) lump sum

Under the anti-detriment provisions, members may receive a SAF entitlement calculated at 30 June 1994 and indexed thereafter. This will happen if the lump sum payable under the present scheme is less than the corresponding benefit that would have been payable under the previous scheme. The total lump sum under the previous scheme includes the indexed SAF entitlement accrued to that date. RBF has recorded your SAF entitlement at 30 June 1994 and adjusts it for the greater of movement in the Consumer Price Index or Average Weekly Ordinary Time Earnings.

Retirement because of age or redundancy after age 55

A contributor who retires because of age and has his or her entitlement calculated under anti-detriment provisions is eligible for an annual pension according to the following:

Pension = FAS(1)* x Benefit Multiple Factor x Contributory Service x % of entitlement being converted to pension x early retirement penalty**

*See page 7 for definitions of FAS(1) and Benefit Multiple Factor:

**Under the previous scheme contributors who had a retiring age of 65 and were aged between 55 and 60 faced an early retirement penalty of 1% of pension for each 3 months (or part thereof) they retired before age 60. The penalty was applied only if at the time the contributor became entitled to the pension, the pension was not greater than or equal to two-thirds of the contributor's average annual salary in the year immediately before retirement.

A member who had always contributed at 5% will achieve maximum contributory service after 40 years. Members who have always contributed at 8% and 11% will achieve maximum contributory service after 35 and 30 years respectively.

Anti-detriment Rights

Retirement (full benefits) for total and permanent or partial and permanent incapacity

A contributor for full benefits who retires because of Total and Permanent Incapacity or Partial and Permanent Incapacity receives a pension calculated using this formula:

$$\text{PENSION} = \frac{\text{FAS(1)}^* \times \text{Benefit Multiple Factor} \times \text{Contributory Service}}{12} \\ \text{Plus} \\ \frac{\text{FAS(1)} \times \text{Benefit Multiple Factor} \times \text{Prospective Service}}{12}$$

The component not defined is the member's Prospective Service. This depends on the age to which the member's Prospective Service is calculated following retirement.

For Partial and Permanent Incapacity, the amount of Prospective Service will vary according to the date Contributory Service began. For members who joined the Contributory Scheme after 1 April 1987, Prospective Service ends at age 55. In most other cases it carries on to age 60. In the case of Total and Permanent Incapacity, Prospective Service is calculated to:

- age 60, for police officers contributing immediately before 1 April 1987 and who continued at all times to be such a contributor; or
- age 60, for females who were contributory members prior to 1 July 1982 and who continued at all times to be such a contributor; or
- age 65, for existing contributors contributing immediately before 1 April 1987 and who continued at all times to be such a contributor; or
- age 55, in the case of any other existing contributor.

Example

After 25 years service, Murray 47, retired in 2003 on the grounds of Partial and Permanent Incapacity. At the time of retirement Murray's FAS(1) was \$35,000. Because he joined before April 1987, his Prospective Service continues to age 60, giving a total of 13 years. His contributions have always been at the basic rate, so his Benefit Multiple Factor is 20%.

Murray's annual pension is \$22,166.66 calculated as follows:

PENSION	=	$\frac{\$35,000 \times 25 \times .20}{12}$	=	\$14,583.33
		<i>Plus</i>		+
		$\frac{\$35,000 \times 13 \times .20}{12}$	=	\$7,583.33
TOTAL			=	\$22,166.66

*See page 7 for definitions of FAS(1) and Benefit Multiple Factor.

Anti-detriment Rights

Example

If Murray had retired on the grounds of Total and Permanent Incapacity his Prospective Service would have continued to age 65, giving him total Prospective Service of 18 years. Based on Total and Permanent Incapacity Murray's annual pension is \$25,083.33 calculated as follows:

PENSION	=	$\frac{\$35,000 \times 25 \times .20}{12}$	=	\$14,583.33
		<i>Plus</i>		+
		$\frac{\$35,000 \times 18 \times .20}{12}$	=	\$10,500.00
TOTAL			=	\$25,083.33

Power to vary pensions and lump sums

When a member who was a contributor at 30 June 1994 retires, RBF will allow the member on election, to take a benefit calculated under the repealed *Retirement Benefits Act 1982*.

In doing this, RBF will also calculate the entitlement payable to the member under the SAF Agreement by taking the balance in the member's SAF account at 30 June 1994 and indexing it by the greater of, movement in the Consumer Price Index or Average Weekly Ordinary Time Earnings.

RBF can pay members who were contributors at 30 June 1994 a pension or lump sum (or combination) calculated under the repealed *Retirement Benefits Act 1982*.

Example

John took voluntary redundancy on 30 June 1999, after being an award employee since 1 July 1984. John had always contributed at the rate of 5%.

RBF calculated that John's benefit under the previous scheme (3.5 x contributions and interest plus SAF balance) was better than the entitlement under the present scheme. At John's request RBF decided to pay him \$74,000, the higher of the two.

Present Scheme:	15 years x .20 x FAS(3)*	=	\$72,000
Previous Scheme:	3.5 x contributions	=	\$65,000
	SAF to 30.6.94 (Indexed)	=	\$ 9,000
	TOTAL	=	\$74,000

*See page 7 for definition of FAS(3).

Managing the Fund

Board as trustee

As the corporate Trustee, the Retirement Benefits Fund Board manages your scheme to provide benefits on retirement and other forms of separation for members, their beneficiaries, or representatives.

In doing so, it is bound by the *Retirement Benefits Act 1993*, *Public Sector Superannuation Reform Act 1999* and any other applicable laws of Tasmania and the Commonwealth.

Board membership

The Board consists of six voting Members and a non-voting President. Three of the Members are nominated by the Government, two Members are elected by members of the Fund, one Member is nominated by the Tasmanian Trades and Labor Council (TTLC), operating as Unions Tasmania and the President is nominated by the Government with the agreement of the TTLC.

Elections are held every three years.

Board meetings

The Board meets monthly, with additional special meetings on an as required basis. The President or any other two members may convene a meeting. A quorum is four members. Issues put to a vote are decided by a majority of two-thirds of the votes of the members present and voting.

Resolving service and salary doubts

If there are doubts about the nature or length of a member's service, or about whether a periodic payment should be regarded as salary, the matter is determined by the Board.

The Board also rules on the amount of salary being received at any time and decides whether any payment to a public sector employee should be regarded as an allowance for superannuation purposes.

Invalidity rulings

If a member has a bodily infirmity or a physical or mental incapacity which warrants retirement on the grounds of invalidity, the member's eligibility for an invalidity benefit will be determined by the Board. If the Board decides that a member may recover sufficiently to return to work after a period of incapacity, it may grant an interim invalidity pension for the time off work. A member should not resign until he or she has accepted the outcome of any RBF ill health benefit application.

Reinstatement of member rights

The Board may reinstate rights, privileges or benefits lost by a member, or those they may otherwise have obtained, if it decides the loss was not the member's own fault and it is equitable to do so. This requires the approval of the Minister.

A right to be heard

After being asked by a member or pensioner to exercise its discretionary rights, the Board will not make a determination adverse to that person without first offering him or her the opportunity to be heard. The Board will also consider medical reports or other relevant evidence he or she may wish to submit.

Further Information

Half-yearly membership statements

Twice a year you will receive a comprehensive membership statement from RBF which provides membership, benefit estimate and account details for the Contributory Scheme, Tasmanian Accumulation Scheme, and where appropriate the RBF Investment Account. Membership statements are provided as at the end of the financial year and the end of December.

Charges against your account for death and disability premiums will also be shown.

Your annual report

Within 6 months of the end of each financial year you will also receive a summary of the Board's annual report to Parliament. This summary will outline the state and sufficiency of the Fund, the highlights of the year and any significant changes to entitlements.

RBF will also report to you regularly on the investment performance of your Fund and on any variations in investment strategy made by the investment managers.

Other brochures and booklets

Specialised brochures on individual topics are available, such as:

- Death and Incapacity cover
- Leave without pay
- Simplifying your super
- Voluntary contributions
- RBF Investment Account
- Spouse Accounts
- Salary Sacrifice
- Member Investment Choice
- Retirement

Please contact RBF on 1800 622 631 to obtain a copy of any of these brochures or booklets.

Further Information

Pre-retirement interviews

An appointment for a pre-retirement interview can be arranged by phoning 1800 622 631.

RBF will also supply pre-retirement information to you in writing but we will not provide this information to a third party without your written consent.

RBF also organises regular statewide seminars on your superannuation options and entitlements. Ring 1800 622 631 to arrange a free workplace seminar.

Following an interview with an RBF officer, RBF may if necessary and with your consent, refer you to RBF-TAS Planning for financial planning advice.

Advice by circular

If superannuation legislation is amended or there are changes in policy, RBF will notify members by sending circulars to your head of agency or employing authority for distribution.

Website registration

You can obtain further details of the benefits and options provided by RBF by visiting our website at www.rbf.com.au

You can also register on the website to access your personal account information by simply following the prompts.

USE THE WEBSITE AT:

www.rbf.com.au

PHONE US ON:

03 6233 3672 or 1800 622 631

FAX US ON:

03 6233 3357

E-MAIL US AT:

super@rbf.com.au

WRITE TO:

The Chief Executive Officer
Retirement Benefits Fund Board
GPO Box 446 HOBART TAS 7001

VISIT US AT:

Retirement Benefits Fund Board
39 Sandy Bay Road Hobart

PERSONAL INTERVIEWS

Personal interviews available in Hobart, Launceston, Burnie and Devonport, by appointment only. To arrange an interview, telephone 1800 622 631.

The privacy of your personal information is important to RBF. We understand the need for confidentiality. RBF will hold your personal information securely and use it only for the purposes described in the RBF Privacy Statement. Certain personal information you provide to RBF may be provided to your employing agency. RBF will not, however, provide your employer with details of the benefit that you will receive. Service providers to the Board may also have access to confidential information held by the Board. The privacy of members is protected by confidentiality clauses contained in the agreements with such service providers. The privacy statement is available on the RBF website.

Every care has been taken with the information provided in this document. However, the Retirement Benefits Fund Board reserves the right to correct any errors or omissions. If there is a discrepancy between the information contained in this document and the Tasmanian Accumulation Scheme Trust Deed or the governing legislation, the Trust Deed and the legislation will be the final authority.

Information in this brochure was current at publication but is subject to change without notice. If you wish to confirm whether any of the information has changed, please contact RBF. The information contained in this document is not intended as investment advice and the Retirement Benefits Fund Board recommends that readers seek professional advice before making any investment decisions.

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