



# Improving Your Superannuation by Purchasing Non-Contributory Service

RBF Contributory Scheme only

## Introduction

The following information explains the terms and conditions that apply to RBF Contributory Scheme members making an election to purchase non-contributory or past service. It is recommended that you read this document and contact RBF if you have any outstanding questions.

## Purchasing Non-Contributory or Past Service

Members of the RBF Contributory Scheme are able to purchase previous periods of service within the Tasmanian public sector under certain conditions.

Any of the following types of service may be purchased to increase your current Contributory Scheme benefit.

- ▶ Immediately before becoming a contributor, you were a student teacher, cadet, apprentice or a trainee of any other kind employed in an Agency; or
- ▶ Immediately before becoming a contributor, you were an employee within the meaning of the regulations (Permanent Full time or Permanent Part time);
- ▶ Periods of leave without pay for which contributions were not made;
- ▶ Previous service as a member of the Contributory Scheme; or
- ▶ Service as a married female employee or as a part time employee whilst exempted from membership of the Contributory Scheme.

## How does this purchase affect my final benefit?

Your final benefit is calculated using a formula which reflects your length of service, rates of contribution, employment percentage and full time equivalent salary averaged over the last three years of service.

Increases to any of the components of the formula will increase your final benefit. Therefore if you increase your service in the fund by purchasing non-contributory or past service, your final benefit will also increase.

## How do I make an Election?

You may elect to purchase eligible non-contributory or past service by completing RBF's *Election to Purchase Non-Contributory Service* form. Only current members of the Contributory Scheme can make an election. Forms can be found on the RBF website [www.rbf.com.au](http://www.rbf.com.au) and are available from RBF on request.

RBF will determine if you are eligible to proceed with the election.

To validate an election, RBF may need to obtain previous employment history documents from your employing agency. These can take some time to locate. To minimise any delay, you are encouraged to seek this information prior to making an election.

You can purchase as little or as much of your eligible service as you can afford. You may make an election at any time provided you are a member of the Contributory Scheme. This may result in a number of elections to purchase service during your membership.

### **How will the election be processed?**

Provided your election is valid, RBF will calculate the cost and provide you with a letter of offer and a Deed of Arrangement.

The Commencement Date of the Arrangement (the Deed) will be the date the election is received by RBF. The expiry date of the Deed will be 12 months after the commencement date. Where significant delays are experienced in validating your election, there may be a period of time between the Deed's Commencement Date and the date on which you receive your letter of offer.

### **How is the cost calculated?**

To calculate the cost, RBF will use your salary, age and actuarial factors current at the Commencement Date. These factors are regularly reviewed and can be changed at any time.

### **Do I have to proceed with the Deed?**

You do not have to proceed with the Deed. If you do wish to proceed, you have 12 months from the Commencement Date in which to proceed with part or all of the purchase.

If you intend to proceed with the purchase, the Deed must be signed and returned to RBF within the 12 month period *and* before you cease employment with the Tasmanian public sector.

You may sign and return the Deed without providing payment. Even after you sign the Deed, you do not have to proceed with making any payments.

If you do not make a payment towards the Deed within 12 months of the Commencement Date, the Deed will lapse and have no further effect.

If you choose not to proceed with the Deed at this time, you may make a similar election at a later date and re-commence the process.

## **What payment options do I have?**

You may make one payment for the full amount or make partial payments up to the expiry date of the Deed. Monthly interest at the RBF Board's current charging rate will be applied to any payments made after 30 days from the date of the letter of offer.

Payments received by RBF after the expiry date cannot be applied towards the Deed.

Payment instructions must be received whilst you are a public sector employee. The Deed automatically lapses upon resignation or retirement from the Tasmanian public sector and RBF is unable to accept any payments or instructions for payment past that date.

Payments may be made in cash or by personal cheque. These payments will affect your personal contributions limit. You may also make payments using funds in your RBF Investment Account or through a rollover from another superannuation fund. Payments made using funds held in your Investment Account or rollovers from other superannuation funds will not count towards your personal contributions limit.

How will payments be processed?

Following a full or partial payment RBF will advise the period of service that has been purchased. When a part payment is received, RBF will also advise the amount still owing.

## **What impact will the purchase have on my contribution limits?**

There is a limit on how much you can contribute to your super each year. Before you make a decision to proceed with payment of the Deed, you should understand the impact of the purchase on your contribution limits. You are encouraged to discuss contribution limits with RBF before deciding whether to proceed with payment of the Deed.

Any cash or cheque payments made towards the purchase will be added to other personal contributions made in that financial year and the total will become your contributions for the year. If you exceed the annual contribution limits, you may incur a tax liability.

If you pay for the Deed with funds already in your Investment Account or rollover funds from another super account, the payment will not count towards your contribution limit for the year. This is because you will be using funds already in super and will not be contributing "new" money into your super.

## **Other ways of improving your superannuation**

Do you qualify for co-contributions? Could you increase your savings by using salary sacrifice? How effective is your current savings strategy? There are many ways in which you can improve your superannuation. RBF staff are available to discuss the many different strategies to help you achieve your retirement income goals.

## For further information

Phone us on: 03 6233 3672 or 1800 622 631

Fax us on: 03 6233 3357

Email us at: [super@rbf.com.au](mailto: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 are available in Hobart, Launceston, Burnie and Devonport by appointment only.

To arrange an interview, telephone 1800 622 631

### **Disclaimer**

---

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. 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 decision.