



# Improving Your Superannuation by Upgrading Past Rate of Contributions

RBF Contributory Scheme only

## Introduction

The following information explains the terms and conditions that apply to RBF Contributory Scheme members making an election to upgrade past rate of contributions. It is recommended that you read this document and contact RBF if you have any outstanding questions.

## Upgrading Past Contribution Rates

RBF Contributory Scheme members are required to contribute to their superannuation as part of the scheme rules. Whilst the current minimum contribution rate for most members is 5% of salary, members can increase this to a maximum of 15%. As part of the Contributory Scheme rules, members are also able to increase their past rate of contributions.

Past contributions can be increased to a maximum of 11% of salary.

There are a number of members who have at some time in the past or are currently contributing at a rate that is less than 5%. To increase their rate of contributions, they must successfully complete a medical examination for RBF purposes. RBF does not pay for this medical.

## How does upgrading 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 contribution rate (past or current) your final benefit will also increase.

## How do I make an Election?

You may elect to upgrade past contribution rates by completing RBF's *Election to Upgrade Past Rate of Contributions* 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.

You can upgrade as little or as much of your 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 upgrade your past contributions 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.

## **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.

## **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 upgraded. 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**

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