



# Redundancy Process – RBF Contributory Scheme

Information Sheet B

**For members who joined the RBF Contributory Scheme after 30 June 1994**

**IMPORTANT NOTE:** This information is for members who joined the RBF Contributory Scheme **after 30 June 1994**. The date you joined is shown on your Membership Statement which is available online once you have registered at [www.rbf.com.au](http://www.rbf.com.au). If this information does not relate to you, contact RBF and request the Information Sheet appropriate for your membership.

When considering a significant life-changing event such as redundancy, it is essential that you receive the best possible information and advice.

RBF are the experts on the RBF Contributory Scheme and no one knows your superannuation options and entitlements better. After all, we have been providing financial peace of mind to Tasmanian State Government employees for over 100 years.

As a valued member of RBF, we will continue to assist you through this period and into the future by providing timely, accurate and helpful information and advice about your superannuation options and entitlements.

If you are seeking written personal advice in relation to your overall financial situation, ask RBF for a referral to see a financial planner. RBF-TAS Planning are experts at providing financial advice for RBF members. RBF-TAS Planning Pty Ltd (ABN 17 094 816 412, AFS Licence No 239171) is a wholly owned subsidiary of RBF and operates as a separate legal entity.

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Please read the sections that relate to your age on the date of your redundancy.

**A Glossary is included to explain some of the terminology used in this document.**

# What happens when you are offered a redundancy?

## Step 1 – Expression of interest from your employer

If you are considering a redundancy, the first step is to speak with your employer. Once you confirm your expression of interest with your employer, they will forward your name to RBF.

## Step 2 – RBF provides information and estimates to assist you

Once RBF has received notification from your employer along with the details of the possible redundancy, we will prepare and send you Redundancy Benefit Estimates. We will include an information kit with general information about your options and entitlements.

We will prepare your estimates as quickly as possible. If we are particularly busy, you may receive your information kit ahead of your estimates.

RBF respects your privacy so we will not send your estimates to your employer unless you have requested in writing for us to do so.

### Find out more at an RBF redundancy seminar

It is important that you fully understand your options before you make a decision. RBF staff will conduct seminars around the state for members who want more information and assistance. You will be able to use these opportunities to raise individual questions with RBF representatives after each session or to arrange a personal appointment.

There will also be the opportunity for members to ask questions about their estimates and discuss options with an RBF-TAS Planning financial planner.

More information about the seminar schedule will be provided to members and employers when dates have been finalised.

## Step 3 – Advice of Employee Termination from your employer

If you accept an offer of redundancy, your employer will provide RBF with an *Advice of Employee Termination* indicating redundancy as your reason for termination.

## Step 4 – RBF processes your redundancy benefit

Once RBF has received the *Advice of Employee Termination* from your employer we will process your benefit and provide you with relevant information.

## Benefit Options – under age 55

This section provides detailed information on your benefit calculation if you will be under age 55 at the time of your redundancy separation date.

Please read the sections that relate to your age on the date of your redundancy.

It is important that you consider the right information before you make your decision. If you are unsure about your options, please contact one of our RBF Superannuation Consultants to discuss your own situation and ask for more information.

If you accept a redundancy, your Death and Disability Insurance cover will cease at your redundancy separation date.

### Option 1 - Regulation 48 Lump Sum Benefit

This is a lump sum benefit and you may be able to withdraw part of this amount as cash.

Your benefit will differ slightly depending on when you joined the RBF Contributory Scheme. Please read the appropriate section below.

#### **Date joined: After 30 June 1994 and before 1 July 1999**

All or part of your benefit will be paid into an RBF Investment Account (less tax). It is likely that a portion of the balance will be accessible as cash at any time. This component is called the Unrestricted Non-Preserved component. Any withdrawals will be subject to taxation.

There will also be a Preserved component paid into the RBF Investment Account. This amount must remain within superannuation until you reach your preservation age and retire.

If your benefit includes a Compulsory Preserved component, this amount will be paid into an RBF Compulsory Preservation Account and will remain within RBF until your preservation age. When you reach your preservation age, the balance of this account (less tax) will be transferred into the RBF Investment Account and become a Preserved component.

#### **Date joined: After 30 June 1999**

A portion may be paid into an RBF Compulsory Preservation Account and will remain within RBF. When you reach your preservation age, the balance of this account (less tax) will be transferred into the RBF Investment Account and become a Preserved component.

The remaining benefit will be paid into the RBF Investment Account and must remain in superannuation as a Preserved component.

When you are eligible to retire, you can use RBF's range of retirement products and services including accessing this benefit as a lump sum, starting an RBF Life Pension, purchasing an RBF Allocated Pension or a combination of these. Withdrawals and pensions may be subject to taxation.

## Redundancy process – under age 55

1. When RBF receives official notification of your redundancy we will send you a letter acknowledging receipt of the *Advice of Employee Termination* from your employer..
2. RBF will calculate your redundancy benefits after all salary and service information has been received from your employer following your separation date. Depending on the complexity of your account it can sometimes take a number of weeks to obtain all the information required to correctly calculate your redundancy benefit under the RBF Contributory Scheme.

3. When your employer has provided all the required information and we have calculated your entitlements, RBF will send you information about Member Investment Choice and a form to indicate which investment option you wish your benefit to be paid into. If this form is returned within 2 weeks we will pay the benefit into the option(s) you select, otherwise it will be placed into the RBF Actively Managed option (or your current Future Contributions selection).

After the 2 week period has passed and processing has been completed, we will send you an Exit Statement. This statement will detail the taxation and preservation components of your final benefit. It will also confirm amounts transferred or paid to various accounts.

If part of your benefit is accessible and you wish to make a withdrawal, you will need to complete an *RBF Investment Account Withdrawal* form which is available on request from our offices or from the RBF website [www.rbf.com.au](http://www.rbf.com.au).

**IMPORTANT: You should not commit to any financial arrangement without first checking with RBF as to when payment will be made.**

## Benefit Options – age 55 and over

These sections provide detailed information on your benefit calculation if you will be age 55 or over at the time of your redundancy separation date.

You are encouraged to speak with RBF about your options whether you intend to retire or not at this time. Because you are age 55 or over, you are eligible to retire and access all of your benefit. It is important that you make the right decisions to ensure financial peace of mind in retirement. You can request a referral to RBF's financial planning service to maximise your benefit and ensure your retirement planning is on track.

This section is separated into 3 different age groups. You should only read the information appropriate to your age. It is important that you consider the right information before you make your decision. If you are unsure about your options, please contact RBF and ask for more information.

If you accept a redundancy, your Death and Disability Insurance cover will cease at your redundancy separation date.

Please read the sections that relate to your age on the date of your redundancy.

### Age 55 to 59: Option 1 - Regulation 48 Lump Sum Benefit

This is lump sum benefit and you can choose to:

- Access a lump sum
- Start an RBF Life Pension
- Purchase an RBF Allocated Pension
- Any combination of these options.

Any amount you do not access now will be transferred into the RBF Investment Account (less tax). Withdrawals and pensions will be subject to taxation.

If you do not intend to retire at this time, some restrictions will apply on cash withdrawals and Transition to Retirement conditions will apply to the RBF Allocated Pension. A portion of your benefit will be a Preserved component and must remain in superannuation until you retire.

## Age 60 to 64: Option 1 - Regulation 48 Lump Sum Benefit

### Option 1a - Regulation 48 Lump Sum (Redundancy) Benefit

This is a lump sum benefit and will include a calculation projecting your entitlement to age 65. You can choose to:

- Access a lump sum
- Start an RBF Life Pension
- Purchase an RBF Allocated Pension
- Any combination of these options.

Any amount you do not access now will be transferred into the RBF Investment Account (less tax). Withdrawals and pensions may be subject to taxation.

## Age 65 to 69: Option 1 - Regulation 53 Lump Sum Benefit

This is a lump sum benefit and you can choose to:

- Access a lump sum
- Start an RBF Life Pension
- Purchase an RBF Allocated Pension
- Any combination of these options.

Any amount you do not access now will be transferred into the RBF Investment Account (less tax). Withdrawals and pensions may be subject to taxation.

## Redundancy Process – age 55 and over

1. When RBF receives official notification of your redundancy we will send you a letter acknowledging receipt of the *Advice of Employee Termination* from your employer.
2. RBF will calculate your redundancy benefits after all salary and service information has been received from your employer following your separation date. Depending on the complexity of your account it can sometimes take a number of weeks to obtain all the information required to correctly calculate your redundancy benefit under the RBF Contributory Scheme.
3. When your employer has provided all the required information and we have calculated your entitlements, RBF will send you the following:

**Finalised Benefit Estimates:** this will show you details of each option available to you under redundancy.

**Pre-Payment Statement:** this details the taxation and preservation components if you were to retire and accept your benefit as a Regulation 48 or Regulation 53 Lump Sum. If you do not intend to retire from the workforce or you wish to access your benefit as an RBF Life Pension or RBF Allocated Pension, you will need to contact RBF to discuss taxation on these income streams. It is important that you understand the taxation payable and preservation implications for the option that you choose.

**Payment Instructions Form:** this form must be completed and returned to RBF to tell us which option you wish to take and how you wish to receive your benefit, choosing from an RBF Life Pension, RBF Allocated Pension, Lump Sum or a combination. These instructions will relate to the RBF Contributory Scheme benefit only. Once submitted, you cannot withdraw your Payment Instructions. It is important to discuss your options thoroughly with RBF before submitting your *Payment Instructions Form*.

**IMPORTANT: You should not commit to any financial arrangement without first checking with RBF as to when payment will be made.**

## When will RBF pay my redundancy benefit?

This will depend on your chosen redundancy option.

**Lump Sum - transfer to the RBF Investment Account:** normally paid within 10 working days of receiving your completed *Payment Instructions Form*.

**Lump Sum - cash withdrawal:** normally paid within 10 working days of receiving your completed *Payment Instructions Form*.

**RBF Life Pension:** Fortnightly payments will commence on the first available pay day after receiving your completed *Payment Instructions Form*. Your pension will be backdated to the day immediately following your redundancy separation date.

**RBF Allocated Pension:** you can choose how often you receive your RBF Allocated Pension eg: fortnightly, monthly, quarterly, half yearly or annually. Your RBF Allocated Pension will commence on the first available pay day after processing.

## Will RBF provide me with regular information?

### **Lump Sum placed in the RBF Investment Account**

- a Membership Statement every six months; and
- an annual Member Report.

### **RBF Allocated Pension**

- a Membership Statement every six months;
- an annual Member Report; and
- a letter each July outlining the new minimum amount you must take as a pension for that financial year.

### **RBF Life Pension**

- a pension update in January and July following any adjustment for increases in the Consumer Price Index; and
- an annual Member Report.

## Glossary

This glossary gives a brief explanation of technical terms found in this document. The explanations are summaries only and more information is available on the RBF website or by contacting RBF directly by phoning 1800 622 631.

**Preservation Age:** the legislated age at which you can access superannuation benefits, provided you have retired from the workforce or commenced Transition to Retirement.

Your preservation age depends on your date of birth and is determined as follows:

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

### Preservation Components:

**Preserved Amount:** This is the part of your benefit that cannot be accessed until you have reached your preservation age and retired. The preserved amount may also be accessed in the case of death, permanent incapacity, severe financial hardship or on compassionate grounds.

**Unrestricted Non-Preserved (UNP) Amount:** This is accessible as cash at any age and may be subject to taxation.

**Compulsory Preserved Amount:** This is the unfunded employer share of your benefit. This component cannot be taken as cash or rolled over and must remain with RBF until you reach your preservation age.

**Compulsory Preservation Account:** The Compulsory Preservation Account is the employer's share of your overall benefit. The balance cannot be rolled over or transferred to another account until funded by your employer when you reach preservation age. When this happens the balance will be transferred into the RBF Investment Account and taxation will be applied.

**RBF Allocated Pension:** is a flexible account based income stream. The minimum pension paid to a member each year is determined by dividing their account balance by an age-based factor prescribed by the Federal Government.

**RBF Investment Account:** is a superannuation accumulation account where you can continue to save for your retirement. You can choose from a range of Member Investment Choice options to suit your own risk profile.

**RBF Life Pension:** is a fortnightly pension paid for the rest of your life. The RBF Life Pension is indexed twice yearly in line with CPI. You can choose between a pension that ceases at the time of your death (non-reversionary) and a pension that will continue to be paid to your surviving partner (reversionary). It is important to be fully informed about your pension before choosing.

**Transition to Retirement (TTR):** allows members who have reached their preservation age to use their superannuation to commence an income stream while still working. Annual minimum and maximum amounts are prescribed by the Federal Government. Members benefit by being able to move to retirement more slowly. Some members prefer to ease into retirement by simply working fewer hours as they are not yet ready to retire full time. For some members the incentive is financial as TTR will allow them to continue to earn while accessing their super.

## Benefit Option Calculations

**FAS(3)** is your full time equivalent annual salary averaged over the last 3 years.

**FAS(1)** is your full time equivalent annual salary averaged over the last 1 years.

**Adjusted Benefit Multiple Factor (ABMF):** is derived by reference to the rate of contribution and your number of years of service. Your ABMF can be found on your most recent Membership Statement.

**Basic Rate of Contributions:** 2.5% or 5% (depending on your current contributions).

**Regulation 48** = FAS(3) x ABMF

**Option 1:** see Preservation Component Calculations for how the benefit is preserved.

**Projected Portion** (for members aged 60 to 64).

Calculated as if the member had continued to contribute at the Basic Rate of Contributions until age 65.

If you have worked less than full time during any part of your Scheme membership, the projected portion will be calculated on a pro-rata of your employment percentage.

**Regulation 53** = FAS(3) x ABMF + (SBMF x FAS(3) x PRS)

**SBMF** = the benefit multiple factor used if a member over 65 elects not to pay contributions to the RBF Contributory Scheme (7.5% or 15% depending on the rate of contributions prior to turning age 65).

**PRS** = Length of time that member is not paying contributions to the RBF Contributory Scheme.

Note: If contributions are maintained after turning age 65, the calculation is purely FAS (3) x ABMF.

## Preservation Component Calculations

**Unrestricted Non-Preserved (UNP)** = (3.5% x Basic contributions (2.5% or 5%) and Interest) + refund of Excess Contributions (greater than 5%) and Interest as at 30 June 1999.

**Preserved** = Funded Portion – UNP

**Funded Portion** = (3.5 x Basic contributions (2.5% or 5%) and Interest) + refund of Excess Contributions (greater than 5%) and interest as at date of redundancy.

**Compulsory Preserved (Unfunded) - if applicable (CP).**

CP = Regulation 48 Benefit – Funded Portion

*(if answer is greater than zero then member will have a Compulsory Preserved Component).*

## For further information

Phone us on: 03 6233 3672 or 1800 622 631  
Email us at: [super@rbf.com.au](mailto:super@rbf.com.au)  
Visit us at: 39 Sandy Bay Road, Hobart  
Level 1, 87 George Street, Launceston

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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