



SFCSS - How is my benefit calculated?

Fact Sheet #1 – for members who joined before 1 July 1990

The State Fire Commission Superannuation Scheme (SFCSS) is a defined benefit scheme where your final benefit is determined by a formula. It is not unusual for these types of schemes to have a number of different formulas to calculate member's benefits, depending on when and why a member leaves the scheme.

Your benefit can only be accurately calculated when the basic information such as salary and starting dates are correctly recorded. It is important that you always check your membership statement to ensure your personal details are correctly recorded by RBF.

This information will allow you take an interest in your superannuation and understand how your benefit is determined. You will not have to make you own calculations. RBF can produce your benefit estimate upon request.

Superannuation can be confusing, but ensuring you have sufficient income in retirement is important. RBF's specialist staff are available to discuss your options to maximise your savings and establish a secure retirement.

Leaving the Service (resignation before age 55)

If you resign from Fire Services Tasmania before reaching age 55, you are required to leave the SFCSS. Your benefit would be calculated using methods 1 and 2 below and the greater of the two amounts would become your resignation benefit. The lump sum would be transferred into your RBF Investment Account where you could continue to save for your retirement.

The greater benefit of:

1. The sum of:
 - a) The defined benefits balance transferred to RBF as at 1 May 2006 (less any tax, surcharge etc); **plus**
 - b) All defined benefits contributions made by the member on or after 1 May 2006 (less any tax, surcharge etc); **plus**
 - d) The balance of the RBF Investment Account; **plus**
 - c) The sum of a) and b) multiplied by the relevant percentage factor for each completed year and month of service as at 1 July 2005:

Years of service at 1 July 2005	Percentage multiplier
< 5 years service	2.5%
5 to <10 years service	7.5%
10 to <15 years service	10%
15 or more years service	20%

OR

2. The sum of:
 - a) Any defined benefits contributions made prior to 1 July 1990 (less any tax, surcharge etc) together with investment returns calculated on those contributions from 1 July 1990; **plus**
 - b) Any defined benefits contributions made from 1 July 1990 (less any tax, surcharge etc) together with investment returns calculated on those contributions; **plus**
 - c) 10% of the amount in a) and b) for each completed year and month of service, but not to exceed 100% of that amount; **plus**
 - d) The balance of the RBF Investment Account.

Early Retirement Benefit (retirement between age 55 and 65)

According to the Trust Deed, this benefit is calculated as an amount determined by the RBF Board's actuary as having accrued at the actual retirement date. At this time the Actuary has determined that the benefit should be calculated on the same basis as the **Normal Retirement Benefit**.

Normal Retirement Benefit (retirement at age 65)

Under the scheme rules, *normal retirement* means retirement at age 65. The following calculation would be used if you retire at age 65. Your benefit would be calculated using methods 1 and 2 below and the greater of the two amounts would become your retirement benefit. The lump sum would be transferred into your RBF Investment Account. RBF offers a range of retirement income products. When considering retirement, remember to take advantage of meeting with RBF's specially trained staff to plan your retirement.

The greater benefit of:

1. The sum of:
 - a) 15% of salary for each year of service completed on or before 30 June 1990; *plus*
 - b) 20% of salary for each year of service completed between 1 July 1990 and 30 June 2005; *plus*
 - c) 16% of salary for each year of service completed after 30 June 2005; *plus*
 - d) The balance of the RBF Investment Account.

OR

2. Your benefit calculated using the *Leaving the Service* or resignation benefit formula (including the RBF Investment Account).

Late Retirement Benefit (retirement after age 65)

On reaching age 65, scheme membership changes. Your defined benefit entitlement will be calculated as a lump sum and will earn investment returns. Employer and personal contributions received after age 65 will accrue in an accumulation style and earn investment returns. When you retire, these balances will make up your final benefit.

If you retire after age 65, your benefit will be:

1. The **Normal Retirement Benefit** (see above) that would have been payable at age 65; *plus*
2. Any contributions made after reaching age 65 (less any tax, surcharge etc); *plus*
3. Balance of the RBF Investment Account; *plus*
4. Investment returns on the above amounts.

Former Scheme Benefit (additional amount)

This calculation provides an additional benefit for members who transferred from the former Fire Brigades Scheme to SFCSS.

A member who was a member of the former *Fire Brigades Scheme* and who ceases membership due to retirement, resignation, death, total and permanent disablement or redundancy is entitled to a benefit as follows:

- An amount equal to the proceeds transferred from the *Fire Brigades Scheme* to the *SFCSS* increased by the ratio of their salary at the date of cessation of membership to their salary at 1 October 1973.

The benefit payable to a member who was a member of the former *Fire Brigades Scheme* and who ceases membership for any reason other than those above is entitled to the following benefit:

- An amount equal to the proceeds transferred from the *Fire Brigades Scheme* to the *SFCSS*.

Minimum Benefit Payable

The Trustees of the SFCSS must ensure that your SFCSS benefit is not less than what you would have received if your employer had paid Superannuation Guarantee payments on your behalf. The amount of the minimum benefit is calculated as follows:

The sum of:

1. The benefit that would have been payable under the *SFCSS* Trust Deed had the member left at 30 June 1992 *plus* investment returns from that date; *plus*
2. The minimum benefit to comply with Commonwealth Law from 1 July 1992 to the termination date (Superannuation Guarantee); *plus*
3. The balance of the RBF Investment Account.

Temporary Incapacity Benefit

Your membership of the SFCSS provides automatic cover for temporary loss of income due to illness or accident. You are covered 24 hours a day, 7 days a week, not just when you are at work.

The benefit is paid as a fortnightly pension equal to 75% of your salary for a period of up to 2 years.

To qualify:

- a member must be absent from employment for a continuous period of 3 months; and
- the Board must be satisfied that the member is suffering from a temporary incapacity from which they are likely to recover.

The pension continues until the member satisfies at least one of the following criteria:

- returns to active employment
- ceases to suffer temporary incapacity
- suffers permanent disability
- dies
- reaches retirement age
- ceases to be employed in the State Service.

Death or Permanent Incapacity Benefit

Should you die prior leaving the scheme or have to retire on the grounds of permanent incapacity, a special formula would be used to calculate your benefit. The formula used will depend on your eligibility to receive death or permanent incapacity cover. Calculations would be completed using methods 1 and 2 below within your appropriate category and the greater of the two amounts would become your benefit.

Members are reminded that in the event of their death prior to leaving the scheme, their benefit will automatically be paid to their surviving partner. If you do not have a surviving partner, the benefit will be paid to your legal representative. If you wish to direct your benefit to someone other than your partner, you can make a written election to RBF to direct the funds to your estate to be distributed according to your Will.

For a member who at the date of death or permanent incapacity **has not** been refused any cover:

The greater benefit of:

1. The sum of
 - 5 times annual salary; *plus*
 - balance of the RBF Investment Account

OR

2. Your benefit calculated using the *early retirement* formula (including the RBF Investment Account).

For a member who at the date of death or permanent incapacity **has** been refused cover or for who restricted cover applies:

1. Your benefit calculated using the *early retirement* formula (including the RBF Investment Account); *plus*
2. Any reduced amount of death and permanent incapacity cover already agreed with the insurer, if any, provided that the total amount does not exceed 5 times the member's salary.

Disclaimer

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