



CSS Preservation of benefits

Who should read this

Any member who is considering preserving their benefit in the CSS following resignation, retrenchment or cessation of scheme membership.

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What you should know up front

It is important that you read the disclaimer at the end of this fact sheet. Before making any decisions, please read the **CSS product disclosure statement** and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

What is preservation?

Preservation in relation to your CSS benefit means that, rather than withdrawing your benefit from the CSS, you elect (or are required) to leave all of your benefits preserved in the CSS for payment at a later date. Once your benefit has been preserved, your entitlement is called a 'deferred benefit'.

What is the SIS upper limit?

The *Superannuation Industry (Supervision) (SIS) Regulations* introduced a number of changes from 1 July 1999. One of these changes relates to the amount of the lump sum that can be accessed as cash in hand before reaching preservation age (see Preservation age table on page 2).

The amount of cash in hand lump sum benefit that can be paid before reaching preservation

age cannot exceed your SIS Upper Limit which is the amount you could have taken as a cash in hand lump sum had you been involuntarily retired (retrenched) on 30 June 1999.

If you preserve your benefit in the CSS and then claim your benefit before reaching your preservation age your cash in hand lump sum cannot exceed your SIS Upper Limit. Any balance of your lump sum that exceeds your SIS Upper Limit will need to be paid into a rollover fund.

Date of birth	Preservation age
Before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
After 30 June 1964	60 years

What happens when I preserve?

If you choose to preserve your benefit, your member and productivity components remain in the CSS fund until you claim the benefit. While preserved, your member and productivity components will continue to accrue at the Fund earnings rate until the benefit is paid. Fund earnings rates are published on our website at www.css.gov.au

The value of your standard indexed pension is calculated only at the time of claim. The calculation of the standard indexed pension is based on 2.5 times your basic contributions and fund earnings and represents the employer component of your benefit. This amount is converted to pension by using the age factor (see Table 2: Deferred CPI indexed pension factors) that applies to you at the time of claim. The standard indexed pension is not a percentage of final salary.

How long do I have to make an election?

Generally, an election to preserve your benefit must be made up to one month before, but not later than 21 days after your last day of service.

However, if you resign just before your minimum retirement age (generally age 55) or are retrenched and want to immediately claim your deferred benefit, your election to preserve

your benefit must be made before the date from which you would like your deferred benefit paid.

When can I claim my benefit?

You can claim your deferred benefit at any time on or after attaining your preservation age. For most CSS members this would be age 55. However, if you are continuing in employment with the same employer to which your CSS membership relates and you are under age 65, you will not be able to take any part of your lump sum as cash in hand; you must roll it over to a complying fund or Retirement Savings Account (RSA).

Deferred benefits must be paid on attaining age 65. Any outstanding surcharge debt will be recovered at the time the benefit payment is made.

How can I claim my deferred benefit?

To claim your deferred benefit you need to write to us approximately two months before your intended date of claim. A benefit application form will be sent to you to complete and return.

You can also obtain a copy of this form from our website at www.css.gov.au

If you die before claiming your deferred benefit your spouse will need to advise us. They will be sent a benefit application form for completion in order to claim a benefit.

What do I need to include with my application form?

For certain types of deferred benefits, you will need to supply certified copies of documents that establish your identity. Details of the number and types of documents required are on the relevant application forms.

Estimating the value of your deferred benefit

You can estimate the value of your deferred benefit using the i-Estimator, our online calculator. You'll need an access number to use this service. If you don't have one, or you've misplaced it, call us on 1300 000 277 and we can give you one over the phone.

What are my options when I claim my deferred benefit?

Deferred age benefit options

Age benefit options available to deferred benefit members are as follows:

A. Standard pension and lump sum/rollover

You can take a CPI indexed standard pension and a lump sum/rollover of your member and productivity components. The CPI indexed standard pension is based on 2.5 times your basic contributions and Fund earnings. It is calculated by multiplying this amount using the following factors:

Table 2: Deferred CPI-indexed Pension Factors

Age at which benefit claimed	Factor
65	0.1100
64	0.1080
63	0.1060
62	0.1040
61	0.1020
60	0.1000
59	0.0985
58	0.0970
57	0.0955
56	0.0940
55	0.0925

If you have:

- > not reached age 60; or have
- > reached your preservation age but are not retiring from the workforce, access to your productivity and any lump sum that is above the SIS upper limit is restricted by SIS legislation. This lump sum must be rolled over into a complying fund or Retirement Savings Account (RSA).

If you have:

- > not left the employer you were with at the time you deferred your CSS benefit; and
- > you are under age 65, access to your entire lump sum is restricted by SIS legislation and the lump sum must be rolled over into a complying fund or Retirement Savings Account (RSA).

If you have:

- > reached age 60 and ceased employment; or have
- > reached your preservation age and retired from the workforce, SIS does not restrict payment of your member and productivity components.

Any outstanding surcharge debt will be recovered when your benefit payment is made. You may nominate the benefit component, pension or lump sum, from which you wish the debt to be recovered.

B. Maximum pension

You can take a CPI indexed pension, based on 2.5 times your basic contributions and Fund earnings, plus a non-indexed pension purchased with your member and productivity components.

Any outstanding surcharge debt will be recovered when your benefit payment is made. You may nominate the benefit component, pension or lump sum, from which you wish the debt to be recovered.

C. Pension and productivity lump sum/rollover

You can take a CPI indexed pension, a non-indexed pension purchased with your member component and a lump sum of your productivity component.

If you have:

- > not reached age 60; or have
- > reached preservation age and are not retiring from the workforce, immediate access to your productivity component is restricted by SIS. This component must be rolled over into a complying fund or Retirement Savings Account (RSA).

If you have:

- > not left the employer you were with at the time you deferred your CSS benefit; and
- > you are under age 65, access to your productivity component is restricted by SIS legislation and the productivity lump sum must be rolled over into a complying fund or Retirement Savings Account (RSA).

If you have:

- > reached age 60 and ceased employment; or have
- > reached your preservation age and retired from the workforce, SIS does not restrict payment of your productivity component.

Any outstanding surcharge debt will be recovered when your benefit payment is made. You may nominate the benefit component, pension or lump sum, from which you wish the debt to be recovered.

Surcharge

The Superannuation Contributions Surcharge is a tax on *surchargeable superannuation contributions*. Even though superannuation surcharge has been abolished, the CSS is required to report outstanding superannuation surcharge debts to the Australian Tax Office (ATO).

While you have a deferred benefit in the CSS any outstanding surcharge debt that accrued when you were a contributor will attract interest at the prevailing 10-year Treasury bond rate on 30 June each year if it is not paid before claiming your benefit.

Any outstanding surcharge debt will be recovered when your benefit payment is made. You may nominate the benefit component, pension or lump sum, from which you wish the debt to be recovered.

Further information on this subject is contained in our publication **The facts about the superannuation contributions surcharge**, which is available at www.css.gov.au or by calling 1300 000 277.

Deferred invalidity benefit options

A deferred invalidity retirement benefit is payable to you if you have preserved your CSS benefit and ARIA agrees that you have subsequently retired because of a permanent medical condition that is likely to stop you from working again. That is, if it appears unlikely that you will ever work again in any occupation for which you are qualified by education, training or experience, or could become so qualified after training.

The following benefit choices are available from the date ARIA decides that you are eligible to receive an invalidity benefit:

A. Maximum pension and lump sum

You can take a maximum pension made up of a standard indexed pension and an additional non-indexed pension.

The standard indexed pension is based on 2.5 times your basic contributions and Fund earnings. This figure is multiplied by a factor that is dependent on your age when the benefit becomes payable (see Table 3). The additional non-indexed pension is based on your basic contributions and Fund earnings. This figure is multiplied by a factor that is dependent on your age when the benefit becomes payable (see Table 3). You would also receive a lump sum of any supplementary contributions and Fund earnings and your productivity component.

Any outstanding surcharge debt will be recovered when your benefit payment is made. You may nominate the benefit component, pension or lump sum, from which you wish the debt to be recovered.

B. Standard invalidity pension and lump sum

You can take a CPI indexed pension and lump sum of your member and productivity components.

Any outstanding surcharge debt will be recovered when your benefit payment is made. You may nominate the benefit component, pension or lump sum, from which you wish the debt to be recovered.

Table 3: Deferred Invalidity Pension Factors

Age paid	Factor	Age paid	Factor
25	0.0782	45	0.0932
26	0.0790	46	0.0940
27	0.0797	47	0.0947
28	0.0805	48	0.0955
29	0.0812	49	0.0962
30	0.0820	50	0.0970
31	0.0827	51	0.0985
32	0.0835	52	0.1000
33	0.0842	53	0.1015
34	0.0850	54	0.1030
35	0.0857	55	0.1045
36	0.0865	56	0.1060
37	0.0872	57	0.1075
38	0.0880	58	0.1090
39	0.0887	59	0.1105
40	0.0895	60	0.1120
41	0.0902	61	0.1140
42	0.0910	62	0.1160
43	0.0917	63	0.1180
44	0.0925	64	0.1200

What happens if I return to Australian Government employment?

If you qualify for a deferred benefit and return to an Australian Government employer who participates in the CSS before the deferred benefit becomes payable, providing the CSS eligibility requirements are met, you would again become a member of the CSS. You would however, have a period of three months in which to decide whether to stay with the CSS or transfer to the Public Sector Superannuation (PSS) Scheme. An election made outside the three-month period may be accepted in special circumstances.

Your previous deferred benefit would be cancelled and you would become an eligible CSS member again. You will receive a credit of your member and productivity components from your previous membership (plus Fund earnings to the date of re-entry to the CSS), and your previous period of CSS membership.

On subsequent age, invalidity or involuntary retirement you would be regarded as a member who joined the CSS after 30 June 1976. Also, if your previous fund membership was less than 20 years, you would need to be medically examined. In this case, you could be issued with a Benefit Classification Certificate (BCC) (see **The facts about invalidity**, available at www.css.gov.au for further information). Were you to transfer to the PSS, no medical restriction would apply.

What happens to my deferred benefit if I die before claiming it?

If you die before claiming your deferred benefit, a standard CPI indexed pension is calculated in the same way as shown above, but using invalidity pension factors (see Table 3).

On your death your eligible spouse would be entitled to receive 67 per cent of the standard CPI indexed pension that would normally have been payable to you at that time if you had become an invalid. A benefit is also payable if you have any eligible children or if the children are orphans.

Your member and productivity components can be paid to your spouse as a lump sum. Alternatively, the basic contributions and Fund earnings can be exchanged for an additional non-indexed pension.

If you die and you are not survived by an eligible spouse or eligible children, a lump sum of your member and productivity components, plus an allowance for Superannuation Guarantee contributions (if applicable) will be paid to your estate.

What happens if I am a former Provident Account Member who has a deferred benefit?

If prior to 1 July 1976 you were a member of the former Provident Account and you have a deferred CSS benefit, which you claim after age 60, then you may take the deferred benefit totally as a lump sum.

The lump sum is made of your basic contributions and accumulated Fund earnings, multiplied by a factor of three. In addition you would receive any supplementary contributions and Fund earnings and the productivity benefit.

You also have this lump sum only choice if you become an invalid before age 60. Your spouse has the same choice in the event of your death.

Where can you get more information?

EMAIL members@css.gov.au

PHONE 1300 000 277

FAX 02 6272 9612

MAIL CSS
PO Box 22
Belconnen ACT 2616

WEB www.css.gov.au

Warning - This Document Contains General Advice or Information Only

Any advice in this document has been prepared without taking account of your personal objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You may wish to consult a licensed financial planner to do this.

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