



CSS Age retirement benefit

Who should read this fact sheet?

Any member who would like information about the benefits available on age retirement. This does not apply to members who have a preserved benefit.

What is in this fact sheet?

- > What you should know up front
- > When am I eligible to receive a benefit?
- > What are my benefit options?
- > Do I have to permanently retire from the workforce to access my benefit?
- > What is my preservation age?
- > What is my SIS upper limit?
- > Benefits in detail
- > How do you calculate my pension?
- > Benefit options in detail
- > Higher dependant pension option
- > Can I rollover my age retirement benefit?
- > What happens if I have a surcharge debt?
- > How do I estimate the value of my age retirement benefit?

- > How much time do I have to make an election?
- > What forms do you need to complete?
- > How do we pay you?
- > How is my benefit taxed?
- > Free information seminars
- > How do I get more information?

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.

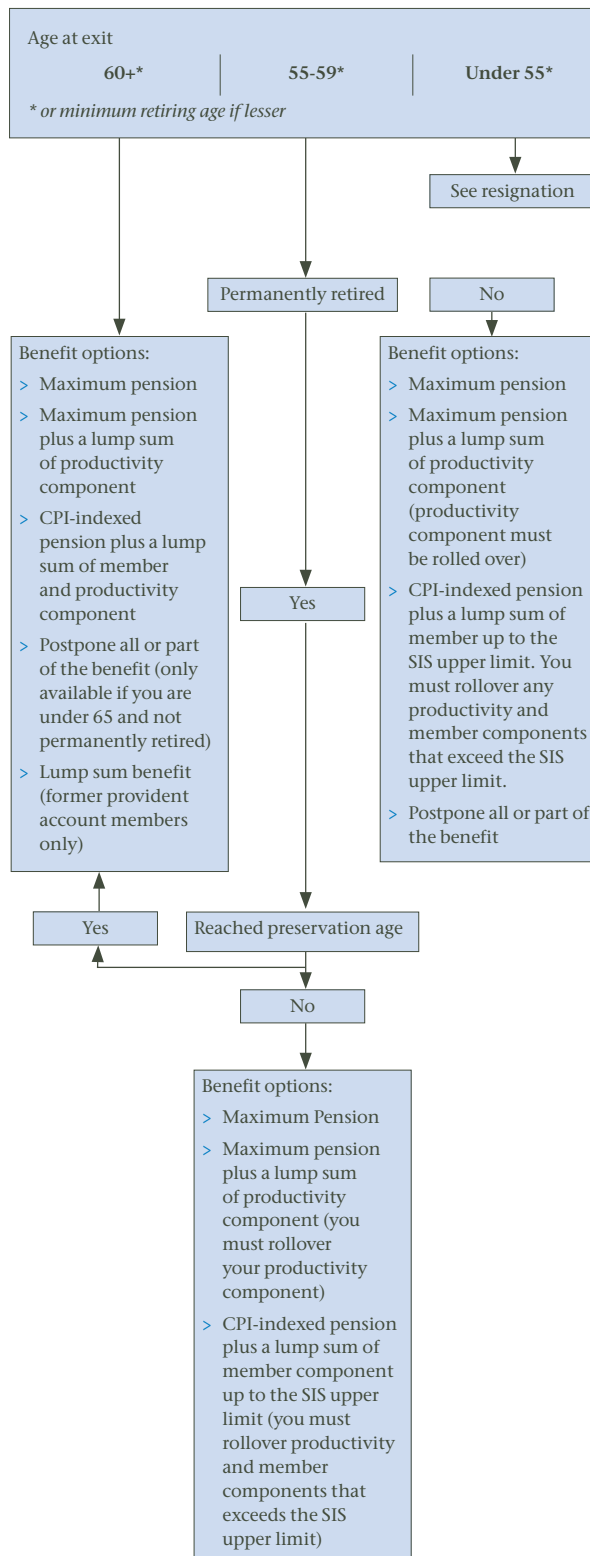
When am I eligible to receive a benefit?

You can take an age retirement benefit if you leave your employment after reaching minimum retirement age, which is age 55 for most members.

What are my benefit options?

The following chart illustrates your benefit options on age retirement.

Chart 1: Benefit options on age retirement



Note: Maximum pension percentages apply. Any excess is payable as a lump sum, subject to the preservation rules

Do I have to permanently retire from the workforce to access my benefit?

No, you do not have to permanently retire from the workforce to access your age retirement benefit. However, if you do not plan on retiring permanently from the workforce, you must rollover your productivity benefit and any amount of lump sum that exceeds your SIS upper limit (see page 3).

You are **not** regarded as having permanently retired from the workforce if you intend to again be gainfully employed for more than 10 hours per week.

Once you reach age 60 however, you are regarded as having permanently retired at the time you stop your employment, regardless of your future employment intentions.

What is my preservation age?

Superannuation law places restrictions on when you can access lump sums. One of these restrictions is called your 'preservation age' and is in addition to the SIS upper limit (see page 3).

You generally cannot access the cash lump sum until you reach your preservation age as follows:

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

This restriction does not apply to CSS age retirement pensions. Once you reach your minimum retiring age, you can take your whole benefit as a pension, subject to the pension limits discussed in **How is my pension calculated – Non-indexed pension** on page 5.

Your lump sum benefits are **not** affected if you have reached:

- > your preservation age and have permanently retired from the workforce
- > age 60.

Your lump sum benefits are affected if you are under age 60 and have not reached your preservation age or permanently retired from the workforce. In this case, the amount you can take as a cash lump sum is your member component, up to your SIS upper limit. You must rollover the difference between your total lump sum benefit and your cash lump sum. If you paid in a transfer amount, the unrestricted portion of that payment may also be paid as lump sum before you reach preservation age and permanently retire from the workforce.

What is my SIS upper limit?

The Superannuation Industry (Supervision) Regulations (SIS) place certain restrictions on the amount of cash lump sum that can be paid to members who are not permanently retiring from the workforce, or have not reached their preservation age (see **What is my preservation age? on pages 2 and 3**).

What this means is that if you are not permanently retiring from the workforce or have not reached your preservation age, any cash lump sum paid to you cannot exceed your SIS upper limit. Your SIS upper limit is the cash amount you would have received if you had been involuntarily retired (retrenched) on 1 July 1999.

You must rollover any CSS lump sum amount that exceeds the SIS upper limit.

Benefits in detail

Your age retirement benefit can consist of a number of benefit components, depending on which option you choose. These benefit components are:

CPI-indexed pension benefit

This is the employer-financed component of your benefit which is paid as a CPI-indexed pension. The rate is a percentage of your final salary according to your age and length of contributory membership at exit and whether you:

- > joined the scheme after 30 June 1976
- > joined before 1 July 1976
- > were a member of the former provident account scheme.

If you joined after 30 June 1976

If you joined after 30 June 1976 your CPI-indexed pension will be a percentage of your final salary according to your age and length of contributory membership at exit.

If you joined before 1 July 1976

If you joined before 1 July 1976, your rate of CPI-indexed pension will be a percentage of your final salary according to your age and length of contributory membership at exit. However, this pension will be adjusted if you had:

- > age 60 units
- > rejected units
- > unit restrictions.

If you joined before 1 July 1976 you could elect to purchase age 60 units to receive a full retirement benefit at age 60, rather than age 65. This increased the cost of fortnightly contributions required. If you had any age 60 units, you may receive a small supplement, generally less than \$100 gross per year, to your CPI-indexed pension if you retire before age 65.

In certain circumstances you could elect to reject super units as they became available. This reduced the cost of fortnightly contributions required. If you rejected any units your CPI-indexed pension will be reduced.

If you transferred to the CSS from other super schemes before 1 July 1976 a unit restriction may apply. If you have a unit restriction your CPI-indexed pension will be reduced.

Your member statement will show if you have any of these units. Please call us on **1300 000 277** if you need details of how we calculate any of these adjustments.

If you were a member of the provident account scheme before 1 July 1976

If you were a member of the provident account scheme before 1 July 1976 your CPI-indexed pension will be a percentage of your final salary according to your age and length of contributory membership at exit.

If you retire on or after age 60 you can, however, elect to take your total benefit as a lump sum instead of a CPI-indexed pension (see **Lump sums on page 4**).

Your member statement will show if you were a member of the former provident account scheme.

Non-indexed pension

You can purchase non-indexed pension with your member and productivity components, or just your member component. This amount is not indexed.

If you convert your member component only to non-indexed pension, your productivity component will be payable as a lump sum, subject to the preservation rules (See **What is my preservation age? on page 2**).

Lump sums

You can take your member and productivity components as a lump sum, or just your productivity component. However the amount you can take as a cash lump sum depends on whether you meet the preservation rules. You must rollover any balance, whilst still payable as a lump sum.

If you meet the preservation rules at exit, you can take your member and productivity components as a cash lump sum.

If you have not met all the preservation rules at exit, you will only be allowed to take your member component, up to your SIS upper limit, as a cash lump sum. You must rollover any balance.

Depending on when you started, your member component may be more or less than your SIS upper limit.

You must rollover your productivity component and any balance of your member component in excess of your SIS upper limit.

We also pay any super co-contributions credited to your account plus fund earnings to you as a lump sum (you cannot convert these amounts to pension). If you don't meet the preservation rules, you must rollover these amounts.

Members of the former provident account scheme can also choose to take their entire benefit as a lump sum in certain circumstances.

The lump sum consists of:

- > three times your accumulated basic contributions
- > any accumulated supplementary contributions
- > your productivity component
- > any transferred amounts plus fund earnings
- > any government super co-contributions plus fund earnings.

How do I calculate my pension?

CPI indexed pension

Your CPI-indexed pension is generally based on a maximum of 52.5% of final salary on retirement at age 65 with 40 or more years contributory membership. This is why you can elect to stop contributing once you reach 40 years.

If you retire before age 65 and/or with less than 40 years contributory membership, the percentage rate reduces.

You can find the different percentages for each membership category in the **CSS benefit tables** at www.css.gov.au under **Forms and publications**.

The tables only show percentages for whole completed years of contributory membership. However we calculate pension benefits on years and days of contributory membership.

The percentage increases for each day of contributory service (including weekends etc) in excess of a whole year.

The **CSS benefit tables** do not take account of age 60 units, rejected units or unit restrictions that may apply if you joined before 1 July 1976.

Non-indexed pension

We calculate your non-indexed pension by multiplying the component(s) you choose to convert by a percentage factor that varies according to your age.

Non-indexed pension is limited to 20% of your final salary if you retire at age 60 or more. The percentage reduces if you retire before age 60. Any excess amount is payable as a lump sum, subject to the preservation rules.

Table 1 of the **CSS benefit tables** shows the percentages used to calculate your non-indexed pension, together with the maximum non-indexed pension payable as a percentage of your final. These tables are available at www.css.gov.au under **Forms and publications** and then **Publications**.

Benefit options in detail

You can elect to take your age retirement benefit as pension only, a combination of pension and lump sum or, in certain limited circumstances, as a lump sum only. Details of the benefit options available are:

Maximum pension

This option allows you to take a CPI-indexed pension plus non-indexed pension purchased with your member and productivity components.

There is a limit to the amount of non-indexed pension you can purchase and we will pay any excess amount as a lump sum.

We will pay any super co-contributions plus fund earnings as a lump sum in addition to your pension entitlement.

Maximum pension plus a lump sum

This option allows you to take a CPI-indexed pension plus non-indexed pension purchased with just your member component.

We pay your productivity component as a lump sum.

There is a limit to the amount of non-indexed pension you can purchase with your member component and we will pay any excess amount as a lump sum in addition to your productivity component.

We will also pay any super co-contributions plus fund earnings as a lump sum.

CPI-indexed pension plus a lump sum

This option allows you to take a CPI-indexed pension plus a lump sum of your member and productivity components.

We will also pay any super co-contributions plus fund earnings to you as a lump sum.

Postpone all or part of the benefit

If you:

- > have reached minimum retiring age but not age 65 and
- > are not permanently retiring from the workforce you can choose to postpone all or part of your benefit.

You cannot postpone your benefit if you have permanently retired from the workforce.

You can postpone your CPI-indexed pension, productivity component, any transfer amounts and any super co-contributions for later payment and either take:

- > your member component (up to your SIS upper limit) as a lump sum, with any balance rolled over or
- > your member component as a non-indexed pension.

Your postponed benefits become payable:

- > on the day you give ARIA a statement that you have permanently retired from the workforce
- > on the date you turn age 65 or
- > in the event of your death.

Your postponed pension benefit is based on:

- > your age (in completed years) on the date it becomes payable, ie increases the pension payable
- > the updated value of your final salary at exit, ie increases the pension payable
- > your contributory membership as at your date of exit, ie no affect on the pension payable.

Your final salary is updated with increases in the average weekly ordinary time earnings (AWOTE).

The lump sum component of postponed benefits is the accrued value of your lump sum at the date of payment.

We will pay any super co-contributions plus fund earnings as a lump sum.

Lump sum benefit

If you are a former provident account member and have reached age 60 at your retirement date, you can elect to take your entire CSS age retirement benefit as a lump sum (see **Lump sums** on page 4).

Higher dependant pension option

If you retire on age grounds you can elect to reduce your pension to 93% of your normal pension and, in return, your eligible spouse and/or children will receive a higher pension following your death.

Table 2 on page 7 details the dependant pension rates that apply depending on whether or not you elected for the higher dependant pension option.

The percentages shown under 'standard rate' are the dependant pension percentages that apply if you do not elect for the higher dependant pension option.

The percentages shown under 'higher rate' are the dependant pension percentages that apply if you elect for the higher dependant pension option.

Table 2: Dependant pension rates

	Standard rate	Higher rate*
Spouse with/without children		
Spouse only	67%	85%
Spouse and one child	78%	97%
Spouse and two children	89%	108%
Spouse and three or more children	100%	108%
No spouse		
One child only	45%	51%
Two children	80%	92%
Three children	90%	108%
Four or more children	100%	108%

* Applies to the reduced pension rate

For more information about dependant pension rates, please refer to **pensions for an eligible spouse** fact sheet, available at www.css.gov.au under **Forms and publications**.

Can I rollover my age retirement benefit?

You can wholly or partly rollover any part of your benefit that you can take as a lump sum before age 65.

What happens if I have a surcharge debt?

Even though super surcharge has been abolished, the CSS must report outstanding super surcharge debts to the Australian Taxation Office (ATO).

Any surcharge debt you have accrued must be recovered at the time of payment of your benefits.

Depending on which benefit option you choose, when the benefit becomes payable you can request that the debt be deducted from either your:

- > CPI-indexed pension
- > non-indexed pension
or
- > lump sum benefit.

Any debit balance in your surcharge debt account at 30 June each year will be charged interest at the 10-year Treasury bond rate.

For more information about surcharge debts, please refer to the **Superannuation contributions surcharge** fact sheet, available at www.css.gov.au under **Forms and publications**.

How do I estimate the value of my age retirement benefit?

You can estimate the value of your age retirement 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.

If you are within 12 months of leaving the CSS you can get a more detailed estimate by calling **1300 000 277** or completing the **Estimate request** form available at www.css.gov.au

How much time do I have to make an election?

You can choose your benefit option up to 90 days before you retire and 90 days after you retire. If you fail to lodge your benefit application nominating a benefit option within 90 days of stopping membership, we may pay you a maximum pension and any remaining lump sum amount to an eligible rollover fund (ERF). The ERF selected by ARIA is AUSfund – Australia's Unclaimed Super Fund. Once we transfer your benefit, you must claim your benefit from the ERF and will be subject to the terms and conditions of that fund.

What forms do I need to complete?

You must complete the following form(s) to claim your benefit:

- > **Age retirement benefit application** available at www.css.gov.au or by calling us on **1300 000 277**
- > a **tax file number declaration** form for taxation assessment purposes if you take all or part of your benefit as a pension. This form is available from your personnel section, the ATO, post offices, some newsagents or by calling us on **1300 000 277**.

How do we pay you?

We must pay pensions and cash lump sums into an Australian bank account. The account should be in your name or it may be a joint account, if you are one of the account holders. The account cannot be a mortgage account.

We must make all lump sum rollover cheques will be made payable to your nominated rollover fund and, unless you specify otherwise, sent care of you at your home address.

How is my benefit taxed?

Table 3: Tax on benefits by age from 1 July 2009

Table 1 - Tax on benefits by age		
Under 55 (Please note that you can only access your CSS benefit under age 55 in very limited circumstances. For more information on how you can access your benefit under age 55 visit www.css.gov.au)	Between 55 and 59 and have reached preservation age	60 and over
<p>Benefits from a taxed source</p> <ul style="list-style-type: none"> > If you are eligible to take part of your benefit as a lump sum, the taxable component will be taxed at 21.5%. Your lump sum may include a tax-free component. > If you are eligible to purchase a non-indexed pension with your member contributions and post-June 1990 productivity, the taxable component will be taxed at your marginal tax rate. Your pension may also include a tax-free component. <p>Benefits from an untaxed source</p> <ul style="list-style-type: none"> > If you are eligible to take part of your benefit as a lump sum, the taxable component will be taxed at 31.5% up to a threshold of \$1.1 million and at the top marginal tax rate above this amount. Your lump sum may include a tax-free component. > If you are eligible to take a CPI-indexed pension, the taxable component will be taxed at your marginal tax rate. 	<p>Benefits from a taxed source</p> <ul style="list-style-type: none"> > If you take any part of your benefit as a lump sum, the taxable component will be tax-free up to a threshold of \$150,000 and taxed at 16.5% above this amount. Your lump sum may also include a tax-free component. > If you purchase a non-indexed pension with your member contributions and post-June 1990 productivity, the taxable component will be taxed at your marginal tax rate less a 15% tax offset. Your pension may include a tax-free component. <p>Benefits from an untaxed source</p> <ul style="list-style-type: none"> > If you take any part of your benefit as a lump sum, the taxable component will be taxed at 16.5% up to a threshold of \$150,000, then 31.5% up to \$1.1 million and at the top marginal tax rate above this amount. Your lump sum may also include a tax-free component. > The taxable component of your CPI-indexed pension and any non-indexed pension purchased with pre-July 1990 productivity, will be taxed at your marginal tax rate. 	<p>Benefits from a taxed source</p> <ul style="list-style-type: none"> > If you withdraw any part of your benefit as a lump sum, the component from a taxed source will be tax-free. > If you purchase a non-indexed pension with your member contributions and post-June 1990 productivity, the component from a taxed source will be tax-free. <p>Benefits from an untaxed source</p> <ul style="list-style-type: none"> > If you take any part of your benefit as a lump sum, the taxable component will be taxed at 16.5% up to a threshold of \$1.1 million and at the top marginal tax rate above this amount. Your lump sum may include a tax-free component. > The taxable component of your CPI-indexed pension and any non-indexed pension purchased with pre-July 1990 productivity, will be taxed at your marginal tax rate, less a 10% tax offset.
<p>Tax offset example</p> <p>The following example shows how the tax offset is calculated.</p> <p>If the untaxed component of your fortnightly pension is \$1,000, the offset amount is 10% of \$1,000 which is \$100.</p> <p>If your marginal tax rate is 30%, you would pay \$300 tax per fortnight before the offset.</p> <p>You then deduct the offset amount from the amount of tax applicable based on your marginal tax rate i.e. \$300 - \$100 = \$200.</p> <p>Tax liability for that fortnight would now be \$200.</p>		

Please note: The Medicare levy is also applied where tax is deducted.

It is optional for you to supply your tax file number (TFN) however, if you do not supply your TFN, your pension and any cash lump sum benefit will be taxed at a higher rate.

If you do supply your TFN and you are rolling over all, or part of your benefit, we will transfer your TFN to the rollover fund.

For information on tax matters including the taxable components of your benefit and tax concessions (if any) available on your pension you can refer to the **Tax and your CSS benefit** fact sheet, available at www.css.gov.au under **Forms and publications**, or phone the Australian Taxation Office on **13 10 20**.

Free super workshops

Make the most of your CSS membership by booking in to a free At Work for You workshop. We present workshops all around Australia to help you gain the knowledge and skills you need to manage your super confidently. You can book a place online at www.css.gov.au

Where can I get more information?

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