

Retirement Scheme

Benefit Points

Benefit points link your personal contributions and your Employer Financed Benefit.

What are benefit points?

As a member of the Retirement Scheme you are required to contribute between 1% and 9% of your Superable Salary. Generally, benefit points are accrued at a rate of one (1) benefit point for each 1% of Superable Salary you contribute in a year up to a maximum of an average of six (6) benefit points in a year.

Maximising your benefit points will generally provide you with a higher Employer Financed Benefit from the Retirement Scheme.

How do I accrue benefit points?

In the case of a full-time employee, for every 1% of Superable Salary you contribute, you accrue one (1) benefit point. The maximum number of benefit points you can accrue is 180 and this ensures the maximum Employer Financed Benefit.

Please note, while you can contribute up to 9% of Superable Salary, the maximum points you can accrue is an average of six (6) points per year over the whole period of contributory membership.

Further, increasing your contribution rate may affect whether your notional taxed contributions are deemed to be within the concessional contributions cap. For further information, please see our 'Contribution Caps' fact sheet available at eisuper.com.au/factsheets.

How do benefit points work?

There are three classifications for benefit points:

- Contributed – the benefit points you have actually contributed;
- Maximum – the maximum benefit points that you could have accrued based on your years in the Retirement Scheme; and
- Accrued – the lesser of the contributed and maximum benefit point totals.

Contributed

This is the amount of benefit points that you have actually contributed based on your rate for each year of membership.

Please note, contributed benefit points do not have any impact on your Employer Financed Benefit until they become accrued benefit points.

Maximum

This is the total number of benefit points you could have accrued had you accrued six (6) benefit points per year during the time you have been a contributory member of the Retirement Scheme.

For example, if you have been a contributory member of the Retirement Scheme for twenty (20) years, your maximum benefit points would be 120 points.

Accrued

The accrued benefit points represent your actual entitlement based on the lesser of the contributed and maximum benefit point totals.

The accrued benefit points can never exceed a total of 180 benefit points and are used to calculate your Employer Financed Benefit.

How do I maximise my accrued benefit points?

The best way to maximise your accrued benefit points is to make sure that your contributed benefit points total is equal to or greater than the maximum benefit points total. The easiest way to achieve this is to ensure that you maintain an average annual contribution rate of 6% over the course of your membership.

If your contributed total is more than your maximum total, you can contribute less than 6% to, in effect, utilise the benefit points that you have purchased that are in excess of your maximum total.

Likewise, if your contributed total is less than the maximum total, you can contribute more than 6% to bring your contributed total closer to your maximum total. This, in effect, allows you to catch up on your maximum points.

How do I change my contribution rate?

At the end of each year, we will send you a Contribution Rate Election Form and you can use this form to change your contribution rate.

Your election must be returned before the end of February. Any change to your contribution rate will come into effect from 1 April and is based on your Superable Salary as at the previous 31 December.

In special circumstances, we may approve a late election to decrease your contribution rate. Please note, if you do not make an election, your contribution rate from the previous year will continue.

How do benefit points affect the Employer Financed Benefit?

As the Employer Financed Benefit is calculated based on your accrued benefit points, it is essential that you understand the effect that these have.

Accrued benefit points are used to calculate your Employer Financed Benefit, so the more accrued benefit points you have, the higher your Employer Financed Benefit will be (subject to the maximum 180 points).

For most termination reasons, each accrued benefit point you have provides you with an Employer Financed Benefit of generally 2.5% of either your Final Salary or your Final Average Salary.

Please note, the Employer Financed Benefit is subject to the 15% contributions tax from 1 July 1988.

What if I work part-time?

If you are a part-time employee, your benefit points are adjusted in accordance with a salary ratio which is determined by the relationship between your part-time salary and a relevant full-time equivalent.

For example, if you worked 2.5 days per week and your salary was \$40,000, the full-time equivalent would be five (5) days at \$80,000 giving you a salary ratio of 0.5. In this situation, your maximum points per year would reduce to three (6 points x 0.5) with the salary ratio also being applied to your contributed points.

Similarly, the number of points you accrue is the percentage rate you contribute multiplied by the salary ratio.

The salary used for final average salary or final salary for calculating the Employer Financed Benefit of a contributor who retires as a part-time employee is the equivalent full-time salary that would be payable to the contributor at that time.

The salary ratio is determined on salary information provided to us by your employer each year. Where you are a part-time employee, your employer provides both part-time and full time salaries.

Does leave without pay affect my benefit points?

There are two types of leave without pay, prescribed and non-prescribed. The way this may affect you depends on which of these types of leave without pay you are on.

Prescribed leave without pay

If you are on prescribed leave without pay (for example maternity leave or sick leave without pay), employer benefits continue to accrue and you are required to contribute at your nominated rate. However, if the payment of contributions during this period causes financial hardship, you can apply to have your contribution rate reduced to as low as 0%.

If we approve a 0% contribution rate and during this period your contributed points amount is not greater than your maximum points amount, your accrued benefit points will not increase during the period. As your maximum points will continue to increase during this period, you can contribute later at a higher rate to accrue these points.

Non-prescribed leave without pay

Generally, periods of non-prescribed leave without pay, greater than one calendar month, do not attract employer benefits and no personal contributions are payable in respect of such periods. During this period, your maximum benefit points will not increase.

Earlier Schemes

There are a number of 'special' provisions that apply to members who originally joined one of the schemes which preceded the establishment of the State Authorities Superannuation Scheme (SASS) in 1988.

Members who originally joined one of these earlier schemes are advised to check with us as to which of the provisions might apply to them.

Seek professional advice

Our financial planners provide advice over the phone, at our offices or at a location near you.



To book an appointment, please call **1300 369 901** or visit eisuper.com.au/appointment.

We're here to help

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