



C.A.R.E.
Career and Resilience Education Program

Superannuation Scheme and referral information for all NSW Police Officers

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This article is designed as a quick reference guide and brief comparison document of the superannuation arrangements that affect Police Officers in NSW.

You are always encouraged to contact your superannuation fund for scheme specific information and to talk to more than one financial adviser before settling on how you should take or invest any benefits payable.

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SUPERANNUATION REFERRAL / ADVISORY CONTACTS

First State Super (FSS):	Ph: 1300 650 873
Police Superannuation Scheme (PSS):	Ph: 1300 130 097
State Authorities Superannuation Scheme (SASS):	Ph: 1300 130 095
State Super Financial Services (SSFS):	Ph: 1800 620 305
PSS Pensioners:	Ph: 1300 652 113

Websites:

State Super (PSS & SASS) and First State Super (FSS), together with SSFS, also have informative websites available for members. These sites contain a lot of useful information, including facts sheets on benefits, taxation, part-time arrangements, salary sacrificing, leave without pay and benefit claim forms. You are encouraged to visit these websites for further information.

FSS: www.firststatesuper.com.au

PSS and SASS: www.statesuper.nsw.gov.au

SSFS Financial Planning/Advice: www.ssfs.com.au

FIRST STATE SUPER (FSS)

First State Super is the default fund for Police Officers who are not members of SASS or PSS. This is currently the default fund for all NSW Public Sector employees employed from 7 December 1992 onwards.

Employer Contribution:

FSS was established by the NSW Government to satisfy Commonwealth Legislation, which requires all employers to pay the minimum rates as set out in the Superannuation Guarantee Legislation. The minimum rate is currently 9.25% of ordinary salary. **Note:** this is not a deduction from pay, but a payment in addition to salary. This is scheduled to increase

to 9.5% from 1 July 2014. Further information can be sought from the ATO website (www.ato.gov.au)

Choice:

The scheme is purely a lump sum accumulation scheme. Members also have the option to choose an alternative complying fund to FSS, such as another industry fund, to receive their contributions.

Insurance:

Members are strongly encouraged to understand the approved death and disability insurance policy (Police Blue Ribbon Insurance Scheme) and how it complements their FSS membership.

At present, members are unable to take out any additional insurance with First State Super however they are automatically provided with three units of default death and total and permanent disability insurance when joining the fund. This is in addition to the compulsory death and disability insurance policy (Police Blue Ribbon Insurance Scheme).

Members can opt out of some or all of these three units of cover. However, any decision to cancel this cover should not be taken lightly and only after receiving appropriate financial advice.

Personal contributions and salary sacrifice:

Personal contributions are optional and do not attract additional employer contributions. The option to make personal contributions, either by salary sacrifice or via a net pay deduction, should be balanced against the effectiveness of directing the money into the early repayment of mortgages, the building of a deposit for a home or alternative investments. You are encouraged to canvass this with a financial advisor.

Salary sacrifice can provide considerable tax benefits. You also need to be aware of the potential to breach the concessional contributions cap due to employer contributions and your salary sacrificed contribution to the death and disability insurance policy also falling under the cap. This limits or stops the capacity to make salary sacrificed contributions to superannuation. Refer to the [Concessional Contributions Cap](#) section of this article for further information.

You are strongly encouraged to seek financial advice before making any decision to enter into a salary sacrifice arrangement.

IMPORTANT: FIRST STATE SUPER (FSS) MEMBERS ONLY: Binding Nominations on death:

If you want to control how your superannuation and insurance payments are distributed in the event of your death then you should nominate a beneficiary. Contact FSS on 1300 650 873 or visit their website more information. (<http://www.firststatesuper.com.au/LearnMore/FactSheets>)

Consolidating Super Accounts:

If you have multiple superannuation accounts due to previous full time, secondary or casual employment then you may wish to consider consolidating these accounts to reduce the fees and charges applicable. Insurance coverage on consolidation is certainly a very important issue to consider and you should seek financial advice before committing to any

consolidation of accounts. Contact FSS on 1300 650 873 or visit their website for more information (<http://www.firststatesuper.com.au/LearnMore/FactSheets>)

Investment Choice:

You can choose how your super is invested from the various investment options provided through your fund. Most members are placed in a default investment strategy based on their age. Any decision to change investment options should not be taken lightly and only after seeking appropriate financial advice.

POLICE DEATH AND DISABILITY INSURANCE POLICY (POST 88 OFFICERS ONLY)

The compulsory death and disability insurance policy is now essentially contained within an insurance policy operated through First State Super "Police Blue Ribbon Super". This policy offers up to five or seven year's income protection and lump sum payments on death or total and permanent disablement, depending on the date of your injury. Members would be aware that as of 1 October 2013, the benefit period for salary maintenance for on duty matters was increased to seven years for injuries that occur and cause incapacity after 1st October 2013, provided officers meet the eligibility requirements.

For further information relating to the scheme entitlements, refer to First State Super Product Disclosure Statement, which can be obtained on the First State Super website (www.firststatesuper.com.au).

STATE AUTHORITIES SUPERANNUATION SCHEME (SASS)

The State Authorities Superannuation Scheme (SAS) was available to Police Officers who were attested after the 1st of April 1988 and before the 7th of December 1992. This was an optional generic scheme offered to all eligible NSW Public Sector Employees until it closed on the 1st of December 1992.

Member Contribution:

The SASS is a split benefit scheme meaning that personal member contributions of 1% to 9% of superable salary go into an accumulation fund (personal account) and earn interest at the earning rate of the fund. These contributions can be **salary sacrificed**.

A salary sacrifice calculator can be found on the State Super website (www.statesuper.nsw.gov.au).

SASS members may choose to contribute an average of 6% to the fund over their years of membership to maximise their employer benefits. However, SASS members should contact SASS and speak to a financial advisor before increasing their contribution percentage to ensure no current protections or exemptions are lost. Refer to the section of this article on '[Concessional Contributions Cap](#)' for more information.

Employer contribution:

As a general rule of thumb, terms equal 2.5 times the employee contribution. This part is a defined benefit based on specific legislative benefits based on final salary and the reason for exit from the scheme.

Insurance:

Members are strongly encouraged to understand the approved death and disability insurance policy (Police Blue Ribbon Insurance Scheme) and how it complements their SASS membership.

Those who opted to retain their additional benefit cover (ABC) retain this cover for total and permanent disablement or death and pay a 0.88% contribution to the approved death and disability insurance policy (Police Blue Ribbon Insurance Scheme) for income protection cover only.

Investment Choice

You can choose how your superannuation is invested from the various investment options provided through your fund. Most members are placed in a default investment strategy based on their age. Any decision to change investment options should not be taken lightly and only after seeking appropriate financial advice.

Concessional Cap

Members of SASS have grandfathering provisions and exemptions under the concessional caps and should refer to the facts sheets on the State Super website.

SASS: <http://www.statesuper.nsw.gov.au/sass/tools-and-resources/factsheets>

Further information on [Concessional Contributions caps](#) is available later in this article or by clicking here.

POLICE SUPERANNUATION SCHEME (PSS)**Member Contribution:**

The Police Superannuation Scheme (PSS) is a scheme exclusively for Police Officers attested prior to the 1st of April 1988.

Joining the PSS was compulsory and members must pay 6% of their salary of office into the fund. This can be done via **salary sacrifice**. A salary sacrifice calculator can be found on the State Super website (www.statesuper.nsw.gov.au).

The PSS is a defined benefit scheme meaning that at any point in an officer's career upon exiting the service, specific legislative benefits are payable dependent on the final salary and reason for exit of the officer.

Concessional Cap

Members of PSS have grandfathering provisions and exemptions under the concessional caps and should refer to the facts sheets on the State Super website.

PSS: <http://www.statesuper.nsw.gov.au/pss/tools-and-resources/factsheets>

Further information on [Concessional Contributions caps](#) is available later in this article or by clicking here.

Pensions:

The PSS offers pension options on certain benefit types, e.g. retirement and medical discharge.

HOD:

HOD workers compensation provisions are also covered by the Scheme for HOD medical discharges and Section 12D claims.

Legal Assistance:

The PANSW Legal Assistance Scheme can assist PSS members in claiming the above HOD entitlements from the scheme. However, unfortunately the Legal Assistance Scheme does not cover Associate members for Section 12D claims.

THE BASIC BENEFIT (SANCS) NON CONTRIBUTORY (PSS AND SASS MEMEBERS ONLY)

The Basic Benefit is only applicable to PSS and SASS members and is equal to 3% of final average salary times the number of years of service since the 1st of April 1988.

The Basic Benefit is in addition to accrued superannuation benefits and is only normally payable as a lump sum at the retirement age, upon death, or on total and permanent incapacity. Payment can be made in other particular circumstances as per the governing legislation/regulation.

Additional or Top Up Contributions:

Members of PSS and SASS may consider making top up contributions into a scheme like First State Super (FSS) in addition to their normal scheme contributions to provide additional personally funded lump sum benefits. This can also be achieved by post tax or salary sacrificed deductions through their pay.

IMPORTANT: Any such contributions should be in consideration of the Government's concessional contributions cap limits. Any contributions in excess of the contributions over the cap will result in significant taxation penalties. You are strongly encouraged to contact your relevant fund and seek your own financial advice.

CONCESSIONAL CONTRIBUTIONS CAP

The Concessional Contributions cap is the amount of money that can be contributed to a superannuation scheme on a tax effective basis or essentially via salary sacrifice.

The current cap is \$25,000 per annum. This cap will increase from 1 July 2014 to \$30,000 per annum for those aged under 50 and to \$35,000 per annum for those aged 50 and above.

The employer contributions to the death and disability insurance policy (Police Blue Ribbon Insurance Scheme) of currently 10.14% of the individual Police Officer's salary are treated as concessional contributions under the \$25,000 cap. The 10.14% is an approximate figure and can vary under the regulations dependent on the claims experience or cost increases.

If salary sacrificed, a member's compulsory contribution of 1.8% of salary is also included under the \$25,000 concessional contribution cap limit.

The majority of affected Police Officers – approximately 14,000 – also have employer superannuation guarantee contributions in the main of 9.25%. A smaller group of Police Officers – approximately 1,200 – who are members of the State Authorities Superannuation Scheme (SASS), are also members of the compulsory death and disability insurance policy (Police Blue Ribbon Insurance Scheme) and have employer superannuation contributions ranging between 9% and up to approximately 18%.

A Police Officer's capacity to make salary sacrificed contributions to superannuation within the \$25,000 cap is either restricted or non-existent for the ranks of Sergeant and above.

Members of SASS and PSS have grandfathering provisions and exemptions under the concessional caps and should refer to the facts sheets on the State Super website.

PSS: <http://www.statesuper.nsw.gov.au/pss/tools-and-resources/factsheets>

SASS: <http://www.statesuper.nsw.gov.au/sass/tools-and-resources/factsheets>

Contributions which exceed the cap are taxed at the top marginal rate.

SALARY SACRIFICE

Members of all schemes are now able to salary sacrifice member contributions. The scheme websites have information on salary sacrificing and calculators to assess benefits.

Before undertaking salary sacrifice, members are encouraged to seek financial advice and to be well aware of the potential to breach the concessional contributions cap due to employer superannuation and death and disability insurance contributions and any member salary sacrificed contribution falling under the cap. Refer to the section of this article on '[Concessional Contributions Cap](#)' for more information.

SUPERANNUATION COMPLAINTS

If members are dissatisfied or concerned with the decision of the fund, its insurer or the information or service provided, they should contact the Police Association or the fund directly to determine their rights to pursue a dispute through the relevant tribunal or to lodge a complaint.

FINANCIAL PLANNING/ADVICE

Financial advice should always be provided from a qualified and certified financial adviser. Members are encouraged to talk to more than one adviser before settling on how they should take or invest any benefits payable.

The following is merely intended to be a guide for the assistance of PANSW members. The PANSW does not hold out any one provider as having our exclusive recommendation as a preferred provider.

State Super Financial Services (SSFS)

SSFS is a separate equity company owned by State Super and created to provide personal financial planning and product advice for State Super members and their families. For more information go to www.ssfs.com.au or call **1800 985 950**.

First State Super (FSS)

FSS also provides financial planning advice and retirement investment products. For more information go to www.firststatesuper.com.au or call **1 300 650 873**.

Other Options:

The Australian Council of Trade Unions (ACTU)

The ACTU 'Member Connect' is able to put you in contact with an ACTU endorsed financial planner. For more information visit their website www.memberconnect.com.au or call 1300 362 223.

The Police Bank or other financial institutions should also be able to provide access to a non-independent financial advisor.

The Commonwealth Government has developed a website "Money Smart" (www.moneysmart.gov.au) and a range of information booklets (available on their website) to assist Australians in understanding the basics about managing their money, borrowing and managing debt, and retirement planning. For further information, visit the Money Smart website.