



# CSS Preservation of benefits

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## What you should know upfront

It is important that you read the disclaimer on page one of this factsheet. Before making any decisions, please read the CSS **Product Disclosure Statement (PDS)** 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 CSS, you elect (or are required) to leave all of your benefits preserved in CSS for payment at a later date.

## Financial advice for your needs and goals

Obtaining professional advice from an experienced financial planner can help you reach your financial goals.

CSC's authorised financial planners\* provide 'fee for service' advice, which means you receive a fixed quote upfront. There are no obligations, commissions or hidden fees.

To arrange an initial advice appointment please call **1300 277 777** during business hours.

\*Our authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide members with specialist advice, education and strategies.

## Who should read this?

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



Commonwealth  
Superannuation  
Scheme

## 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 before reaching preservation age (see **Preservation age** table below).

The amount of cash lump sum benefit that can be paid before reaching preservation age cannot exceed your SIS Upper Limit. This is the amount you could have taken as a cash lump sum had you been involuntarily retired (retrenched) on 30 June 1999.

If you preserve your benefit in 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 the member component of your SIS Upper Limit will need to be preserved in an eligible rollover fund.

**Please note:** A lump sum of your SIS Upper Limit can only be made of member contributions. We can't pay out your productivity component as cash, until you're at preservation age and retired from the workforce.

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

## What happens when I preserve?

If you choose to preserve your benefit, your member and productivity components remain in CSS 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 [csc.gov.au](http://csc.gov.au)

The value of your standard indexed pension is determined at the time your benefit is paid. If you are entitled to a deferred benefit, 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 to preserve?

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.

If you resign, you must cease employment at least 2 calendar days before reaching minimum retiring age (generally age 55). If you don't you will be ineligible for a deferred CSS benefit. If you resign before your minimum retirement age and fail to preserve your benefit, you will only be entitled to the default option; refund of accumulated member, productivity and super guarantee contributions.

If you are retrenched, you can preserve your benefit at any age, however if you have already reached age 65 you must claim the preserved benefit the following day.

## When can I claim my benefit?

You can claim your deferred benefit at any time on or after attaining your minimum retirement age. For most CSS members this would be age 55. However, if you have not reached your preservation age and have not permanently retired from the workforce, any cash lump sum will be restricted to your SIS upper limit. Any amount exceeding the member component up to your SIS upper limit must be rolled over to a complying fund or Retirement Savings Account (RSA). If you are continuing in employment with the same employer to which your CSS membership relates and you are under age 65 (i.e. Transition to Retirement), you will not be able to take any part of your lump sum as cash in hand.

Deferred benefits must be paid no later than age 65. Any outstanding surcharge debt will be recovered at the time the benefit payment is made.

**Please note:** The legislation that sets out how CSS operates does not allow deferred benefits to be rolled out to other super funds unless you're claiming your entire benefit.

## How can I claim my deferred benefit?

Before you claim your deferred benefit you should obtain a benefit estimate, to see what your options are. Then complete and submit the relevant benefit application for your circumstances, available on our website.

## 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 and aren't able to reset it online, contact us on **1300 000 277** and we can give you a temporary one over the phone.

**Please note:** Interest on CSS deferred benefits is generally calculated up to the date your application is processed, not your claim date or the date you complete your application. CSS fund earnings can be positive or negative. You should keep this in mind when planning your retirement.

## What are my options when I claim my deferred benefit?

### Deferred age benefit options

Age benefit options available to deferred benefit members who have reached at least age 55 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 (subject to cashing restrictions). 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:

| 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

- reached your preservation age but are not retiring from the workforce your cash lump sum is restricted

Access to a cash lump sum will be restricted to your member component up to your SIS upper limit. Any lump sum exceeding that SIS upper limit and your productivity 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 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

- reached your preservation age and permanently retired from the workforce, SIS does not restrict payment of your member and productivity components.

## 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.

## 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. However note that your entire lump sum of productivity must be preserved and rolled into an eligible rollover fund until you have met a SIS condition of release that does not have any cashing restrictions.

If you have:

- not reached age 60

or

- reached preservation age and are not retiring from the workforce. Your productivity 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 preserved and rolled over into a complying fund or Retirement Savings Account (RSA).

If you have:

- reached age 60 and ceased employment

or

- reached your preservation age and permanently retired from the workforce, SIS does not restrict payment of your productivity component.

## Surcharge

The Superannuation Contributions Surcharge is a tax on *surchargeable superannuation contributions*.

Even though superannuation surcharge has been abolished, CSS is required to report outstanding superannuation surcharge debts to the Australian Tax Office (ATO).

While you have a deferred benefit in 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 [csc.gov.au](http://csc.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 Commonwealth Superannuation Corporation (CSC) agrees that you have subsequently retired because of a permanent medical condition that is likely to stop you from working again. That is, it is 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 CSC 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 eligible employment?

If you're a deferred benefits member and return to eligible employment, you may be eligible to contribute to CSS again. Your eligibility to re-join as a contributing member will depend on the nature of your new employment. Consider contacting us and speaking with your employer before starting new employment.

As a CSS member, you may be able to choose to stay with CSS or transfer your membership to the Public Sector Superannuation Scheme (PSS). If you're eligible you'll be sent a membership comparison statement containing your estimated CSS and PSS benefit entitlements.

After receiving this information and you elect to transfer your membership to PSS, your previous deferred benefit with CSS will be cancelled, and credited to your new PSS membership. You won't be able to re-join or re-contribute to CSS in the future. If however, you elect to stay with CSS, your previous deferred benefit will also be cancelled, and credited to your new membership.

On subsequent age, invalidity or involuntary retirement you would be regarded as a member who joined 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 our **Invalidity benefits factsheet**, available on our website for further information). If you transfer to PSS, no medical restriction would apply.

**Note:** If you re-join the scheme, your Tax File Number (TFN) will be validated with the Australian Taxation Office's (ATO's) records to confirm the TFN provided is yours and correct.

## 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.

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're approved for an invalidity benefit before age 60. Your spouse has the same choice in the event of your death.

## It is important to keep in touch

If you preserve or postpone your benefit in CSS or claim a pension, it is important that you continue to advise us of any changes to your address.

This will allow us to keep in touch with you and ensure that you continue to receive your Annual Member Statement so that you know how much super you have.

If you cannot be contacted after you cease employment, you may be treated as an unclaimed benefits member. We may then determine your benefit as being a maximum pension. You will then lose all future rights to any other benefit options available in CSS.

## How can I get more information?



**EMAIL** [members@css.gov.au](mailto:members@css.gov.au)

**PHONE** 1300 000 277

**FAX** 02 6275 7010

**MAIL** CSS  
GPO Box 2252  
Canberra ACT 2601

**WEB** [csc.gov.au](http://csc.gov.au)



**Email**  
[members@css.gov.au](mailto:members@css.gov.au)



**Phone**  
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