



Death benefits

Background

This factsheet gives an overview of who is eligible, and what is payable in the event that a PSS member or pensioner passes away.

What's in this factsheet?

- Who is eligible to receive a benefit?
- Spouse benefits
- Child benefits
- Partially dependent children
- What if there is no eligible spouse or children?
- Surcharge debt
- Pension adjustments
- How to apply
- Where can I get more information?

Who is eligible to receive a benefit?

Depending on the circumstances, death benefits may be paid to the following:

- an eligible spouse
- eligible children
- partially dependent children
- legal personal representative
- children otherwise considered to be 'ineligible'
- another individual if none of the above can be found.

Note: A spouse and/or child may be eligible to receive a death benefit, even if they were not financially dependent on the PSS member at the time of their death. However, they may not be regarded as a dependant for taxation purposes.

Note :

The definition of an eligible or partially dependent child has changed with effect from 1 January 2020. Deaths occurring before this date will be subject to the old criteria, although certain transitional arrangements have also been introduced—please contact us for more information.

Death benefits will vary, depending on the type of membership and the amount of funds held within PSS.

Death benefits for Associate members will be paid as a lump sum only to their legal personal representative—either the Executor of their Will, or Administrator of their Estate. If no such person exists, the benefit will be paid to such individuals as CSC determines. If an associate pensioner dies, there will be no further benefit payable.



Public Sector
Superannuation
Scheme

Spouse benefits

Eligibility for spouse benefits

For the purpose of PSS benefits, an eligible spouse is a person who was in a marital or couple relationship with the deceased at the time of death. The following types of relationships are considered to be a marital or couple relationship:

- living with each other at the time of death for a continuous period of at least three years, as husband and wife, spouses, or partners, on a permanent and bona fide domestic basis; or
- living with each other at the time of death for a continuous period of less than three years but, having regard for all relevant evidence, CSC is of the opinion that they were living with each other as husband and wife, spouses, or partners, on a permanent and bona fide domestic basis at the time of death.

A person may be entitled to a spouse benefit if they previously had a marital or couple relationship but the relationship had ended before the member's death if:

- the member was legally married to them at the time of death; and
- the person was wholly or substantially dependent upon the member at the time of death.

In making an assessment for eligibility, we may consider a range of evidence specific to the relationship. Please refer to the application form for more information about providing evidence.

If the deceased has an eligible spouse at the time of their death, the benefit will be paid to the spouse. If there are eligible children living with the spouse, the rate of the spouse's pension will increase, but the benefit belongs to the spouse. If there are eligible children who are not living with the spouse, they will be paid separately. If there are multiple independent eligible parties, CSC may apportion the benefit amongst the parties.

Benefit entitlements—spouse of a contributing or preserved benefit member

An eligible spouse may choose to receive their benefit as a pension, full lump sum or a combination of both (as long as at least 50% of the benefit is converted to pension).

If the deceased was a limited benefits member at the time of death, the only benefit payable is a lump sum. For more information about benefit options, please contact us for an estimate.

If the member died as a contributor, and the benefit is paid as a lump sum, it will usually be based on the deceased member's death benefit accrual, calculated as if they had worked to age 60*. This is multiplied by the proportion of total pension converted to a lump sum. If the member died after preserving their benefit, the lump sum will be the value of the preserved benefit (their benefit accrual up to preservation plus earnings).

The pension payable to a spouse of a contributing or preserved benefit member is calculated as a percentage of the invalidity pension that would have been payable to the member had they retired on invalidity grounds at the date of their death. **Table 1** below shows the percentages applicable to dependents.

For a contributing member the invalidity benefit is calculated as if the deceased had worked until age 60*.

For a preserved benefit member, the invalidity benefit is not projected to age 60. Instead it's based on the balance of the deceased's account.

Members who claim their PSS benefit on age retirement or redundancy grounds can elect to receive a reduced pension (93% of the normal rate) in return for a higher spouse and/or children's pension being payable after their death. This option is not available to those who retire on invalidity grounds, or those who die while a contributing or preserved benefit member.

*If the deceased member was a limited benefits member or aged 60 or more at the time of their death, the benefit will be based on their actual benefit accrual.

Table 1

Dependents	Percentage of pension (normal rate)	Percentage of reduced pension
Spouse only	67%	85%
Spouse and one child	78%	97%
Spouse and two children	89%	108%
Spouse and three or more children	100%	108%

Benefit entitlements: spouse of a pensioner

When a pensioner dies, an eligible spouse will be entitled to receive a pension. This pension will be a percentage of the pension being paid to the deceased pensioner at the time of death. The percentage will depend on whether the member chose the reduced pension (higher dependent pension) option at retirement. **Table 1** above shows the applicable percentages.

The spouse pension payable may be reduced if the marital or couple relationship:

- started after the former member's pension commenced; and
- started after the former member turned 60; and
- existed for less than three continuous years at the date of death.

Example

Peter retired at age 55 and claimed his pension immediately. When he was 62 he met Susan and they commenced a couple relationship. Peter passed away at age 64, two years after the relationship began. If Susan is considered eligible, she will receive two-thirds of the full spouse's pension.

What if there's more than one eligible spouse?

If a deceased member or pensioner is survived by more than one eligible spouse, the benefit payable may be shared between the spouses. CSC will consider the needs of each spouse before determining any apportionment. Evidence may be required so that we can make this determination.

What if the spouse starts a new relationship?

The spouse pension will continue to be paid if the surviving spouse commences a new relationship or remarries. However, the spouse pension will not revert to the spouse's new partner when he or she passes away.

Child benefits

Eligibility for child benefits

An eligible child may include a natural child, an adopted child, an ex-nuptial child, a step-child, a child of the deceased member within the meaning of the *Family Law Act 1975*, or any other person CSC determines is to be treated as a child of the deceased member.

Benefits may be paid in relation to an eligible child or children if they are:

- under the age of 18; or
- between 18 and 25 and in full time study at a school, college or university.

And, before the death of the member they:

- lived with the deceased member; or
- were wholly or substantially dependent on the deceased member; or
- were born after the death of the member, and would have lived with or been dependent on the member, if they had been born before the member's death.

Children's pensions are payable until they reach 18 years of age, or until age 25 if they are in full time study. If benefits are payable for a spouse as well as eligible children, the pension paid to the spouse will be increased according to the number of eligible children (see **Table 1**). However, if an eligible child does not live with that spouse, the pension may be paid to the child separately. If there are multiple independent eligible parties, CSC may apportion the benefit amongst the parties, depending on their dependence on the deceased at the time of their death.

An associate pension that is payable to a non-member spouse following a family law split does not pass to the associate's new spouse or children.

Orphan benefits

If there are eligible children but no eligible spouse, 'orphan' benefits are payable. If the deceased was a preserved benefits member, the benefit will be paid as a lump sum. If the deceased was a contributing member or a pensioner, the orphan benefit will be paid as a pension. The pension payable to an orphan is a percentage of the deceased's pension entitlement. **Table 2** shows the applicable percentages.

Number of orphans	Percentage of pension (normal rate)	Percentage of reduced pension
One	45%	51%
Two	80%	92%
Three	90%	108%
Four or more	100%	108%

Because orphan benefits are only payable until age 18, or 25 if in full time study, they may only be payable for a short period of time. If the deceased was a contributing member at the time of their death, a residual lump sum may be payable to the orphan in addition to their pension entitlement. This lump sum will consist of the deceased's benefit accrual (calculated to age 60) less an estimation of the orphan pension that will be paid. The lump sum will be paid at the same time the pension starts.

Partially dependent children

A partially dependent child is a child of the deceased who:

- is not an eligible child; and
- is under the age of 18; or
- aged between 18 and 25 and in full time study at a school, college or university.

And, before the death of the member, was:

- receiving voluntary or court ordered maintenance payments; or
- born after the member's death, and would have been receiving such payments, if they had been born before the member's death.

A partially dependent child may include an adopted child, an ex-nuptial child, a step-child, a child of the deceased member within the meaning of the *Family Law Act 1975*, or any other person CSC determines is to be treated as a child of the deceased member.

The benefit payable to partially dependent children depends on the deceased's status at the time of their death. If the deceased was a contributing member or pensioner, any partially dependent children will receive a benefit that is no more than the amount of maintenance payments being paid (or likely to have been paid) at the time of death. If the benefit is only payable for a short period of time, there may also be a residual amount payable. If the deceased was a preserved benefit member, lump sum benefit will be payable to any partially dependent children. If there is more than one partially dependent child, CSC may apportion the lump sum benefit payable amongst the children.

What if there is no eligible spouse or children?

If a member or pensioner dies and no spouse and/or child benefits are payable, a residual benefit may be payable to their legal personal representative, usually the Executor of their Will, or Administrator of their Estate. The benefit may also be paid to ineligible children—that is, children that don't qualify as eligible or partially dependent children. If there is no legal personal representative or ineligible children, CSC may pay the benefit to another individual.

The benefit payable, if any, will vary depending on whether the deceased was contributing to PSS, a preserved benefit member or receiving a pension at the time of their death. It will also depend on whether they retired on the grounds of age, redundancy or invalidity.

Contributing member

If a contributing member dies and no spouse and/or child benefits are payable, their total benefit accrual is payable. The total benefit accrual includes an amount that would have accrued if the deceased had continued working to age 60 (as long as they were not a limited benefits member). If the member is over age 60 at the time of death, their actual benefit accrual is payable.

Preserved benefit member

If a preserved benefit member dies and no spouse and/or child benefits are payable, their total preserved benefit amount at the time of death is payable.

Pensioner

If the deceased retired on age or redundancy grounds, or was a preserved benefit member before claiming their pension, the minimum benefit payable will consist of their member contributions and fund earnings plus the minimum employer benefit payable under the superannuation guarantee legislation. This minimum benefit may be less than the total benefit when it was claimed.

If the deceased retired on invalidity grounds, the minimum benefit payable is the benefit accrual up to the date of invalidity retirement. It doesn't include an amount in respect of the benefit that would have accrued up to age 60.

If there are no dependents, the minimum benefit payable is compared to the total benefits already paid out as pension and lump sum to determine if any amount remains payable.

Please note, if there is no eligible spouse, eligible child or child, residual benefit payable, no further amounts will be paid.

Surcharge debts

If a contributing or preserved benefit member dies, any outstanding surcharge debt is deducted from the benefits payable to their spouse, children or other beneficiaries.

Pension adjustments

Pensions paid to spouses and/or children are subject to twice-yearly adjustments based on upwards movement in the Consumer Price Index (CPI). Any CPI adjustments will take effect from the first pension payday in January and July. We will send notifications if the entitlements increase.

How to apply

Before making an application for a CSS death benefit, please contact us on the number below. We will guide you through the claims process, explain which forms you need to complete, and the evidence you should provide.

Where can I get more information?

Our office is located at **7 London Circuit, Canberra City**. Come in and see us, or contact us at the below details for more information.



EMAIL members@pss.gov.au
PHONE Members: 1300 000 377
Pensioners: 1300 001 777
FAX 02 6275 7010
MAIL GPO Box 2252
Canberra ACT 2601
WEB csc.gov.au



Email
members@pss.gov.au



Phone
1300 000 377



Financial Advice
1300 277 777



Post
PSS
GPO Box 2252
Canberra ACT 2601



Web
csc.gov.au



Overseas Callers
+61 6192 9503



Fax
(02) 6275 7010