Superannuation (Amendment) Bill

EXPLANATORY MEMORANDUM

Clause 1 states the purpose of the Bill.

Clause 2 cites the commencement date of the Act as 1 January 1988 with the exception of 2 sections to come into operation at earlier dates.

Clause 3 lists the existing sections of the Act that apply to new scheme members as well as to existing contributors. (Those sections relate to definitions, establishment of the Fund, conditions relating to payment of pensions, constitution of the State Superannuation Board, determination of disability, appeal provisions, requests for information, provisions for payments and recoveries on death, and powers for making regulations).

Clause 4 defines "new scheme" and "new scheme member" and redefines "officer" to include temporary teachers and other staff employed under the *Education Act* 1958 and the *Teaching Service Act* 1981.

Clause 5 provides for contributions for new scheme members to be prescribed in regulations.

Clause 6 relates to the determination and payment of the share of a new scheme member's benefits that is to be met from the Consolidated Fund.

Payment of the employer portion of benefits by the Consolidated Fund will continue to apply for employees of employers funded through the Budget.

The employers of new scheme members who are declared by instrument to be officers will be required to pay regular contributions to the Superannuation Fund. In this way the superannuation liabilities of those employers will be properly funded.

Clause 7 repeals the present provision for financing commutations of contingent spouse pensions and directs that benefits for new scheme members be prescribed in regulations.

The effect of the repeal is for all commuted retirement pensions to be financed in the same manner by fortnightly recoup payments from the Consoldiated Fund to the Superannuation Fund.

Clause 8 restructures the State Superannuation Board to conform with the standard model.

Clause 9 provides the power for regulations to be made for the establishment and operation of the new scheme and for the prescription of the benefits and contributions in relation to new scheme members. The clause also contains the standard conditions under which regulations may be made.

Clause 10 provides for the Consolidated Fund's share of CPI supplementation of payments to apply to commuted pensions in respect of retirements before 1 January 1983 as well as those after 1 January 1983.

Clause 11 provides for persons who are presently liable to contribute to the Superannuation Fund but who as at 1 January 1988 have not contributed or received a disability pension, to be treated as new scheme members without entitlements to benefits under the provisions of the *Superannuation Act* 1958 existing at 31 December 1987.

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APPENDIX—SUMMARY OF NEW SCHEME OF BENEFITS AND CONTRIBUTIONS

1. All employees in the Public Service including exempt employees, the Teaching Service and related authorities (except existing employees who will remain in their present schemes) will be eligible.

Part-time employees will be eligible. For benefit calculations, their service will be reduced proportionately.

2. New scheme members will be entitled to elect to contribute at 3 per cent or 5 per cent of salary. There will also be a non-contributory option. In restricted circumstances a 7 per cent option will be provided.

3. Retirement benefits will be lump sums calculated as percentages of final salary. The percentage that accrues each year will depend on the contribution paid in the year, as follows:

Employee Contribution (per cent of salary)	Retirement Benefit (per cent of salary)
0	10
3	16
5	20
7	24

4. Accrued retirement benefits will be payable on retirement at any age from 55. Examples are:

Employee Contribution (per cent of salary)	Lump Sum as multiple of salary after	
	30 years	*40 years*
3	4·80	6·40
5	6·00	8·00

The maximum benefit will be 8·4 times final salary which can be achieved after 42 years of contributing at 5 per cent of salary.

5. The maximum benefit corresponds to the notional lump sum value of maximum benefits under the existing State Superannuation Fund.

6. Employee contributions will cease if ever the maximum benefit has accrued.

7. On the death of a contributor leaving dependants, the benefit payable will be based on the projected retirement benefit at age 60. Pensions will be provided for dependant children.

8. On retirement due to disability the benefit will be a pension equal to one-twelfth of the projected age 60 retirement benefit, integrated with WorkCare and payable to age 65. At eventual retirement, the accrued lump sum will become payable.

For temporary disablement an annual pension of 1/12 of the projected retirement benefit as age 60, integrated with WorkCare, will be payable at the Board's discretion.

9. On resignation the benefit will consist of a refund of contributions adjusted in line with salary increases. In addition, when the employee has completed over 5 years of service, a deferred retirement benefit will be provided.

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