

SUPERANNUATION: TRANSITION TO RETIREMENT ARRANGEMENTS

PURPOSE

To advise directorates and staff about superannuation transition to retirement (TTR) arrangements, in particular for current Commonwealth Superannuation Scheme (CSS) members.

BACKGROUND

In 2005, the Commonwealth introduced changes to superannuation legislation to provide transition to retirement arrangements that, in certain limited circumstances, allow current CSS members who have reached their preservation age to start receiving their superannuation benefit while remaining employed by the same employer.

WHO CAN PARTICIPATE?

Current CSS members who have reached their preservation age, and who cease their CSS contributory membership without ceasing employment, can start receiving their CSS retirement pension. The term 'preservation age' means the age at which you can start to access your superannuation.

Transition to retirement strategies are not currently available to Public Sector Superannuation (PSS) scheme members under scheme rules. PSS members may, however, select a transition to retirement income stream, the Commonwealth Superannuation Corporation retirement income stream (CSCri) as a transition to retirement member. Further information on this option is available from the Commonwealth Superannuation Corporation website at <https://www.csc.gov.au/> or by contacting CSC.

DO I NEED TO CHANGE MY EMPLOYMENT ARRANGEMENTS?

There are two circumstances under which CSS members may cease their CSS contributory membership while remaining employed by the same employer. These are:

1. By joining an alternative superannuation scheme – where the ACT Government agrees to a CSS member ('eligible member') participating in transition to retirement arrangements and allows the member to join an alternative 'fund of choice' superannuation scheme to which the ACT Government contributes more than the minimum amount. Under the *Superannuation Guarantee (Administration) Act 1992*, employers are required to provide a minimum level of superannuation support, currently 9.5% of Ordinary Time Earnings (OTE). For employees of the ACT Government under 'fund of choice' superannuation arrangements (with the exception of Executives and staff covered by 2013-2017 enterprise agreements), from 1 July 2019 the ACT Government contributes 11% of OTE, rising to 11.5% on 1 July 2020.
2. By changing to temporary part-time or casual employment – where the ACT Government allows a CSS member to change their employment arrangements to temporary part-time or casual employment, the employee is no longer eligible to contribute to CSS under scheme rules.

Under option 1. above, there is no requirement for eligible CSS members to change their employment arrangements or, reduce their work hours.

HOW DO I WORK OUT MY PRESERVATION AGE?

Your preservation age depends on your date of birth, as set out in the following table:

Your date of birth	Your preservation age
Before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
After 30 June 1964	60 years

As superannuation is an investment until the member reaches retirement, the Federal Government generally requires that superannuation remain in a superannuation fund until the member reaches preservation age.

WHAT IF I HAVE NOT YET REACHED MY PRESERVATION AGE?

Eligible employees can still cease their CSS contributory membership, without ceasing their employment, and leave their superannuation benefit in the CSS until they reach their preservation age. Once the member reaches their preservation age they can then claim their benefit in the form of a CSS deferred age pension whilst remaining employed by the same employer. However, before choosing this option, or any other option, employees would be advised to first obtain professional financial advice from a licensed financial planner.

WHAT FORM DOES THE TRANSITION TO RETIREMENT BENEFIT TAKE?

Under transition to retirement arrangements, eligible employees can only receive their superannuation benefit in the form of an income stream, such as a pension. They cannot take their benefit as a cash lump sum. Any lump sum component of an eligible employee's benefit must be transferred into either an alternative complying superannuation fund, to a retirement savings account, or used to purchase an annuity.

HOW DO I APPLY?

Eligible employees who are ceasing their CSS membership without ceasing their employment must complete a **Cessation of scheme membership (transition to retirement) – Continuing with employer Benefit application** form. Eligible employees who are claiming a deferred benefit without ceasing employment must complete a **Deferred benefit continuing with same employer (transition to retirement) Benefit application** form. These forms can be obtained either from the Shared Services website, or from the **Forms and publications** section on the CSC website at <https://www.csc.gov.au/> or by contacting CSC.

WHERE DO I GO FOR MORE INFORMATION?

Further information about transition to retirement is available:

- from the **Transition to retirement** factsheet available on the CSC website at <https://www.csc.gov.au/> or by contacting CSC; or
- from the **Transition to retirement** page on the Australian Taxation Office (ATO) website at <https://www.ato.gov.au/individuals/seniors-and-retirees/transition-to-retirement/>.

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