

Directive

Directive Title	Voluntary Redundancy: Superannuation Implications
Status	Active
Document Number	D2011_013
File Number	DPC11/01402-001
Compliance Detail	Mandatory for: <input checked="" type="checkbox"/> NSW Public Service Departments <input checked="" type="checkbox"/> NSW Public Service Other Agencies <input checked="" type="checkbox"/> NSW Non-Public Service Divisions and Special Employment Divisions <input checked="" type="checkbox"/> NSW Public Sector Agencies (including NSW Health Service, NSW Teaching Service, NSW Police Force)
Category	Redeployment, Redundancy, Termination
Sub Category	Managing Excess Employees
Summary	Voluntary Redundancy: Superannuation Implications provides guidance to agencies to assist employees who have received, or who may receive, a VR.
Publication Date	17/November/2011
Review Date	30/November/2014
Author	Public Service Commission
Unit	Performance and Development
Policy Custodian	Director, HR Practice
Distribution method	DPC Website
Circular/Memorandum	N/A
Previous Reference	N/A
Archive Note	Nil
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Public Service
Commission

Voluntary Redundancy: Superannuation Implications

November 2011



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1. Revision History

Version	Approval Date	Next Review Date	Amendment notes
1.0	28/07/2011	21/12/2011	
2.0	17/11/2011	30/11/2014	References to taxation implications removed

2. Introduction

These guidelines have been prepared to assist agencies to advise employees who have received, or may receive, voluntary redundancy payments under the [Managing Excess Employees Policy](#).

3. Application

These guidelines apply to NSW Government Service Departments and Divisions (as defined in the [Public Sector Employment and Management Act 2002](#)).

4. Superannuation implications

4.1 Access to benefits

Employees who have been paying into a superannuation scheme could have access to certain benefits if and when they leave public employment. The nature and size of the benefit will vary. Further advice may be obtained from:

- State Super Scheme (SSS) – ph: 1300 130 096
- State Authorities Super Scheme (SASS) – ph: 1300 130 095
- First State Super Scheme – ph: 1300 650 873.

Payments from a superannuation scheme do not qualify as approved early retirement scheme payments and are not exempt from income tax and will be treated as ordinary eligible termination payments.

4.2 Rolling over of Employment Termination Payments

Commonwealth Government rules, effective 1 July 2007, changed the treatment of payments made on termination of employment. One change was to stop Employment Termination Payments (ETPs), including a voluntary redundancy payment, being rolled over into a superannuation fund.

Transitional rules allow ETPs made between 1 July 2007 and 30 June 2012 to be rolled over to a superannuation fund if the employee was entitled, as at 9 May 2006, to the payment specified under either of the following:

- a written contract
- an Australian or foreign law
- a workplace agreement under the Workplace Relations Act 1996.

4.3 Optional access to early retirement benefits for SSS members

State Superannuation Scheme (SSS) members between ages 50 and 55 taking voluntary redundancy may, with their employer's agreement, defer the superannuation retrenchment benefit and elect to receive an early retirement pension at age 55.

For more information refer to [Circular 1999-57 Optional Access to Early Retirement Benefits](#).

5. References

The following references may be useful to agencies:

Legislation:

- [Superannuation Act 1916 No 28](#)
- [Public Sector Employment and Management Act 2002 No 43](#)

Memoranda and Circulars:

- [Optional Access to Early Retirement Benefits Circular C1999-57 \(B1999-03\)](#)
- [Department of Premier & Cabinet Circular 2008-47 Voluntary Redundancy Payments Circular C2008-47 \(B2008_015\)](#)
- [Premier's Memorandum 2011-11 Changes to the Management of Excess Employees](#)
- Public Service Commission Circular 2011-01 Voluntary Redundancy Programs

Policies and Guidelines:

- [Managing Excess Employees Policy](#)
- Voluntary Redundancy Program Guidelines