Information

GOVERNMENT SUPERANNUATION FUND

NEW GENERAL Scheme

Contents

BOOKLET **GS6**

December 2016

Important information

The Government Superannuation Fund (GSF) schemes are managed and administered by the GSF Authority (the Authority) in terms of the GSF Act 1956 (the GSF Act). The Authority has appointed Datacom Employer Services Limited (Datacom), a subsidiary of Datacom Group Limited, as the Schemes Administrator.

The Schemes Administrator does not have the authority to interpret the GSF Act or to make any determination on questions arising under the GSF Act. All interpretative issues and determinations are referred to the Authority for a decision.

If there is any doubt about a matter, eg. how an allowance is calculated, the Schemes Administrator will approach the Authority for a determination and then advise the contributor of the Authority's decision. If the contributor disagrees with, or is dissatisfied with, the Authority's decision he/she has the right to appeal to the GSF Appeals Board (the Appeals Board) against that decision.

The GSF Act requires the Authority to exercise its discretion consistently with the published statement of policies unless it considers it inappropriate to do so in the particular circumstances. The statement of policies may be amended by the Authority from time to time, subject to compliance with the procedural requirements set out in the Act.

Appeals must be made in writing within 28 days of the Authority's decision being advised to the contributor. The appeal will then be presented to the Appeals Board at its next meeting. The Appeals Board considers all written and oral evidence submitted by the contributor or his/her representative, as well as the Authority's report, and takes into account the interests of the Crown and any other interested party before making its decision. The Appeals Board's decision is final and the contributor is advised of the outcome.

Disclaimer

This booklet is a summary of key provisions of the GSF Act, regulations made pursuant to the GSF Act, and policy decisions including those set out in the statement of policies. While every effort has been made to ensure that the information contained in this booklet is accurate, it is intended as a guide only. In particular, please note that:

– This booklet does not take into account any individual's particular circumstances, financial or otherwise.
– The policies and conditions described in this booklet can change over time so before taking any action you should check whether the information contained in this booklet is still up to date.

This booklet is in no way binding on any person, and does not prevail over any applicable law or policy decision.

To the fullest extent permitted by law, neither the Authority nor any other person accepts any liability for any loss, damage, cost or expense that may arise from any reliance on any information contained in this booklet.

This booklet is not intended to, and does not create, any legal or equitable rights exercisable by any person. If you have any queries in relation to the schemes, or require any further information in relation to the schemes, please contact:

Schemes Administrator
Government Superannuation Fund
Datacom Employer Services Limited
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Information

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1. Introduction

This booklet provides general information for contributors to Part 2A of the Government Superannuation Fund (GSF) (the New General Scheme) according to the GSF Act and the various associated policies.

In this booklet "contributor" refers both to those who are current contributors to GSF and, in some contexts, those who have contributed to GSF in the past and are entitled to a benefit.

The term "annuitant" is used to refer exclusively to those contributors who are currently in receipt of a retiring allowance.

The term "partner" is used to refer to a civil union partner or de facto partner (as defined in the Property (Relationships) Act 1976) and includes any person whom the Authority regards as being the civil union or de facto partner of a deceased person immediately before that person's death.

The term "spouse" is used to refer to any man or woman whom the Authority regards as being the wife or husband of the person immediately before the person's death.

2. Contributing to the GSF

2.1 Contribution rate

The contribution rate for contributors to the GSF schemes is 6.5%.

Contributions are based on the gross superable salary (see section 2.3) and are usually deducted from the contributor's salary by the employer.

Employers of persons contributing to GSF, whose salaries are paid out of money which is not public money (eg SOEs, CRIs and other Crown entities), are required to make payments to GSF which are calculated to meet the cost of the accruing benefits.

Other employers (Government departments) refund to the Crown notional contributions which are calculated the same way.

Neither category of employer payments is included in any refund of contributions to contributors, nor is it included in the calculation of transfer values where contributions are transferred to an alternative scheme.

Arrears of contributions can occur:

- when contributions are owing in respect of any break in service, or any period of leave without pay (see section 2.8),
- when contributions did not start immediately after transferring to a new employer or payroll service (see section 2.9),
- when additional service has been purchased (see section 2.6),
- when errors have occurred, eg. an incorrect contribution rate paid or contributions stopped in error.

Arrears may be paid by:

- deduction/s from salary,
- direct credit to GSF, or
- by cheque made payable to GSF.

Payment may be made in one lump sum payment or in some circumstances by way of instalment. Compound interest is charged if payment is made by way of instalment.

Note - any interest paid to GSF does not form part of a contributor's contributions and therefore is not refundable.

2.2 Granting a charge over contributions

Contributors may use contributions paid as security to obtain a loan from another person or organisation. This is known as granting a charge over the contributions.

The person or organisation granting the loan is known as the chargeholder.

A charge over contributions may be granted, unless the contributor:

- already has a charge registered over the contributions,
- has an order in respect of the contributions in force under the Property (Relationships) Act 1976 or the Family Proceedings Act 1980, or
- has notified the Schemes Administrator that they intend to cease service or wish to cease being a contributor.

A charge is registered on **Form GS5/1 - Notice of Charge**. This form must be completed by the contributor and the chargeholder and sent by proof of delivery mail to the Schemes Administrator. An administration fee of $10.00 must accompany the form. A charge cannot be registered without this fee.

The chargeholder may claim against the contributions by giving written notice to the Authority who must, in turn, notify the contributor of the claim. A chargeholder claiming on contributions is entitled to request payment of the lesser of the total contributions, or the amount secured by the charge.

When a chargeholder claims and receives payment, the contributor's membership ceases. Any remaining contributions are refunded to the contributor and membership cannot be recommenced.

Further information can be found in **Booklet GS5 - Granting a Charge over your Contributions to GSF**. This booklet includes **Form GS5/1**.

2.3 Salary for superannuation purposes

Salary, for superannuation purposes, means the salary or wages paid regularly in return for services. It does not include:

- bonus payments,
- payments for overtime,
- allowances paid for special work performed,
- the reimbursement of expenses,
- lump sum payments in lieu of notice, or
- retiring or redundancy gratuities contributions.

Salary may include any period of paid leave including any annual and retiring leave if it is paid to the contributor before he/she ceases employment.

2.4 Election to contribute at a previous salary following a reduction

A contributor whose salary is reduced for any reason other than misconduct may, with employer consent, make an election to contribute as if the salary had not been so reduced. This does not include a contributor who reduces from full time to part time employment unless the contributor's salary rate also reduces. An election may be made as soon as the contributor has been advised that the salary is to be reduced, but should be made within three months of the reduction. Elections made after the 3 month period are considered by the Authority at its discretion.

Where a valid election has been made, the contributor will pay contributions based on the previous higher salary, indexed to the Consumer Price Index.

If the contributor's employer does not agree to pay the employer subsidy on the higher salary, the contributor will be required to pay the difference between the employer's subsidy on the previous higher salary and the new reduced salary. The additional amount paid by the contributor is not included in the calculation of any refund of contributions.

For further information please refer to **Booklet GS21 - Election to Contribute at Previous Salary Rate Following Reduction in Superable Salary** or contact the Schemes Administrator.

2.5 The effect of part time service

Three key factors used in the calculation of the retiring allowance (see Section 4) are:

- the length of contributory service,
- Final Average Earnings, and
- age.

Length of contributory service and Final Average Earnings will be impacted by any period of part time service. For any period of part time service, the contributory service will be reduced to the appropriate portion of the full time contributory service but the Final Average Earnings will be calculated to include earnings on which the contributor would have paid contributions if the contributory service had been on a full time basis.

Contributions are paid on part time superable salary received.

On moving to, or changing, part time hours a contributor should notify the Schemes Administrator. A part time certificate may be required to be completed by the contributor and their employer.

2.6 Contributing in respect of prior or interrupted service

This option allows a contributor to make an election to contribute in respect of any Government service, including a period during which contributions were temporarily ceased, which is not already included as contributory service where:

- the contributor was a permanent full-time employee throughout the period of service the contributor wishes to purchase,
- the contributor is a permanent full-time employee in Government service at the time of the election, and
- the contributor is under age 50 at the time of the election.

Where the above criteria are not met, the Authority will consider applications from contributors on a case by case basis, having regard to the individual concerned, other GSF members and the Fund itself.

Government service may be deemed to include study or training, leading to certain recognised qualifications, which the Authority considers a requirement of and relevant to the position held by the contributor at the time of the initial appointment (referred to as 'pre-entry training'). Government service may also be deemed to include employment as a practitioner, tradesman or employee in a type of work providing a specialised skill or knowledge which in the opinion of the Authority has been a requirement of, and relevant to the position held by the contributor at the time of the initial appointment ('pre-entry service').

Cost for contributors under age 50

For contributors under age 50 the rate of contribution required will be 6.5%.

Contributions for the non contributing period are calculated on the higher of:

- the salary received by him/her for the period of non contributory service, or
- the salary he/ she was receiving at the time of making the election.

Contributors electing to contribute in respect of a period of pre-entry training or pre-entry service or for any period of leave without pay are required to pay additional contributions to meet the full cost of the increased benefit being acquired. The cost of such elections can be provided by the Schemes Administrator.

Cost for contributors over age 50

All such applications are considered by the Authority. Subject to receiving approval from the Authority, the statement of policies requires that those wishing to purchase previous service make additional contributions reflecting the full cost of the service in respect of which they wish to contribute.

The Schemes Administrator will provide contributors with the specific cost of purchase on request.

The additional contributions paid above the standard rates of contributions are not included in the calculation of any refund of contributions or transfer of contributions to another scheme on cessation of employment.

Please refer to the **Booklet GS22 - Contributing in Respect of Prior or Interrupted Government Service** for further information.

2.7 Leave without pay

Contributors under age 50 who are commencing on a period of leave without pay have two options:

- elect to cease being a contributor for a period (see section 2.11), or
- continue paying contributions in relation to the period of leave.

If contributions are not reactivated by age 50 the Authority's approval is required to reactivate and resume contributions. The Authority considers reactivation from those over 50 on a case by case basis, having regard to the individual concerned.

Before commencing any period of leave, contributors **MUST** notify the Schemes Administrator of:

- the dates of the intended period of leave,
- whether they wish to continue contributions in respect of the period of leave or cease contributions, and
- if they do wish to continue contributions in respect of the period of leave, at which point they wish to pay those contributions (see paragraph below for payment options).

The contributor's employer is not required to make contributions during the leave period. The contributor's contribution rate in respect of the period of leave will be on a full cost basis.

Payment of contributions can be made:

- before leave commences
- during the period of leave
- on return to duty, as a one off payment or by regular deductions from salary.

Note - if the contributor elects to take a refund of contributions at a later date, the additional contributions above the standard rate are not refundable.

For further information regarding leave without pay please refer to **Booklet GS7 - Information on Leave Without Pay**.

2.8 Purchase of suspended service

Contributors who have remained in Government service may be permitted to purchase the period when contributions were suspended subject to the contributor meeting the same criteria as applies under Section 2.6. The cost is based on:

- the salary at the date the application to purchase is made or the salary during the period when contributions were suspended (whichever is higher), and
- the contributory rate that would have applied to the period if contributions had not been suspended.

The contribution rate for contributors purchasing suspended service while on leave without pay is on a full cost basis.

An election to purchase service is made on **Form GS22/1**. This form is part of **Booklet GS22 - Contributing in Respect of Prior or Interrupted Government Service**.

2.9 Cessation of employment with one Government employer and employment with a new Government employer

If you are ceasing employment with one employer, you are ceasing Government service, and you must advise the Schemes Administrator who will provide details of the options available to you. For further information please refer to **Booklet 20 – Options Available on Cessation of Government Service**.

If you are joining a new employer you must complete a **Form GS1 – Rejoining Form**. The Schemes Administrator will be able to confirm whether or not you can contribute to GSF with your new employer.

Contributors considering a change of employer should first contact the Schemes Administrator.

2.10 Withdrawal

A contributor who is not ceasing service may elect to cease being a contributor to GSF and receive a refund of contributions without interest.

Any amount paid over and above the contributor's contribution rate (including any interest paid or owed) will not form part of the refund.

An election to withdraw is made by completing **Form GS19/1** and electing Option A.

If a charge is registered over the contributor's contributions, the chargeholder will be given the opportunity to seek payment of the charge before any refund of contributions is made.

A contributor who has withdrawn cannot rejoin GSF.

An election to withdraw must be in writing and the effective date cannot be retrospective. An election to withdraw can be revoked at any time before it becomes effective. The revocation must be in writing.

For further information regarding withdrawals please refer to **Booklet GS19 - Options Available While Remaining in Government Service**.

2.11 Ceasing contributions whilst in service

This option allows contributors (aged under 50 years) to stop paying contributions and reserve the right to resume contributions at a later date.

The election is effective from the date the form is received by the Schemes Administrator. Contributions may be resumed if an election to do so is received by the Schemes Administrator before age 50 and the person is in Government service at the time. When a contributor resumes contributions, the earlier period of contributory service is re-activated and discounted.

The discounting is a reduction of 1.25% for each year of absence for which there is a corresponding year of previous contributory service, and 2.25% for each year of absence in excess of previous service. For the purpose of calculating benefits under the GSF, the length of contributory service is adjusted to take into account the previous service, the suspended period and the discounting.

An election to cease contributions is made by completing **Form GS19/1** and electing Option B. This form is part of **Booklet GS19 - Options Available While Remaining in Government Service**.

If a contributor dies while contributions are suspended and is survived by a spouse or partner, an allowance is payable to that spouse or partner. However, no allowance is payable to dependant children.

For further information refer to **Booklet GS19 - Options Available While Remaining in Government Service**. The booklet includes **Form GS19/1**.

An election to cease contributions must be in writing and the effective date cannot be retrospective. An election to cease contributions cannot be revoked once received by the Scheme Administrator.

2.12 Cease to contribute to GSF and elect a deferred pension

Current contributors to GSF may, whilst remaining in Government service, cease contributing and leave their contributions in GSF, on the basis they will have the right to make a further election (subject to certain criteria, including the requirement that he or she has not less than 10 years superannuable service) to receive a deferred pension.

A contributor may only elect this option if they join another employer subsidised scheme.

An election to cease contributing to GSF must be in writing and may be made at any time while in Government service. The initial election to cease contributing cannot be revoked once received by the Schemes Administrator.

The contributor ceases to be a contributor to GSF on the date the election is received by the Scheme Administrator and is not entitled to recommence contributions to GSF after that date.

Payment of a deferred pension may start once the contributor has ceased Government service and reached age 50, provided the contributor then has not less than 10 years superannuable service.

For further information refer to **Booklet GS96 - Option to Cease Contributing to Government Superannuation Fund and Elect a Deferred Pension**. The booklet includes **Form GS96**.

2.13 Death of a contributor

This section covers the benefits available if a current contributor dies before ceasing service. For further information, please contact the Schemes Administrator.

Spouse or partner's options

Where a current contributor dies and leaves a spouse or partner, the spouse or partner has the choice of:

(a) a lump sum equivalent to the greater of one year's salary or a refund of contributions and interest, or

(b) a lump sum of up to 80% of the maximum lump sum which would have been available to the contributor had the contributor retired at the date of death on the ground of medical unfitness, **plus** a spouse or partner's allowance of half the retiring allowance that would have been payable had the contributor retired at the date of death on the ground of medical unfitness, reduced to take into account payment of the lump sum.

Qualification requirements

(a) An election to receive one of the above options is irrevocable once any payment has been accepted by the spouse or partner.

(b) The spouse or partner's allowance is payable for life and is not affected by any change in marital status.

(c) A spouse or partner who is aged under 61 at the date of the contributor's death may make an irrevocable election to surrender up to one fourth of the annuity payable to that spouse or partner and receive a lump sum payment and a reduced annuity.

Refund to estate

Where a contributor dies before becoming entitled to a retiring allowance, and does not leave a spouse or partner, a refund of contributions and interest is paid to the contributor's estate.

Contributions paid to GSF after 1 May 1985 attract interest at 0.25% for every complete month of contributory service from that date. Contributions paid to GSF before 1 May 1985 do not attract interest. Neither interest paid or owed, nor any amount paid as employer subsidy, form part of the refund of contributions.

Child allowance

The GSF Act provides for payment of an annual allowance to a contributor's child/ren on his/her death. This allowance is payable irrespective of whether the contributor dies before or after becoming entitled to a retiring allowance.

The allowance is paid to the child until that child becomes 16 years old. The Authority may extend payment of the allowance to assist with the child's education until the end of the year in which the child turns 18.

In addition, the Authority may extend payment of the child allowance for whatever period the Authority thinks appropriate in cases where the child has a physical or mental disability that prevents him/her from earning a living.

Qualification requirements

A child may receive only one allowance from GSF.

The child's birth certificate and the contributor's death certificate are required to establish a claim for a child allowance.

The allowance is payable regardless of whether the contributor is survived by a spouse or partner.

3. Ceasing Government service - general information

There are a number of options available to contributors on ceasing service. These are:

- Option A To receive an immediate retiring allowance.
- Option B To leave the contributions in GSF and receive a deferred retiring allowance.
- Option C To receive a refund of contributions and interest.
- Option D To continue to contribute to GSF.
- Option E To transfer the contributions to another registered superannuation scheme.
- Option F To leave the contributions in GSF with the option of resuming contributions later.

Eligibility for the various options is based on the contributor's age and length of contributory service on the date service is ceased.

Age when ceasing service options	Length of contributory service	Eligible for
60 years or over	any length of time	A, B, C, E
50 to 59 years	10 years or more	A, B, C, D, E
50 to 59 years	less than 10 years	C, D
under 50 years	10 years or more	B, C, D, E, F
under 50 years	less than 10 years	C, D, F

Election of any of these options is made on **Form GS20/1** which is part of **Booklet GS20 - Options Available on Cessation of Government Service**.

Once an election has been made a contributor may change to any other option for which they are eligible, **PROVIDED** no payment has been made by GSF to the contributor.

Option A: Immediate retiring allowance

Contributors are eligible for an immediate retiring allowance if, on ceasing service, they are:

- aged 60 or more with any length of contributory service,
- aged 50 to 59, with at least ten years' contributory service, and have the employer's approval for payment of a retiring allowance,
- aged less than 60 and have the Authority's approval for payment of a medically unfit allowance, or
- aged over 50 and have previously made an election to receive a deferred retiring allowance.

A retiring allowance is normally payable as soon as practical after the day following cessation of service. The day that service ceases is the day when the employment relationship ceases, ie. the day that the contributor and employer agree is the last day of employment. This may include a period of paid leave, annual, retirement or any other leave that is paid out prior to the contributor ceasing employment. Both the contributor's contributions and employer subsidy must be paid up to this date.

If an election to retire immediately is not made at the time a contributor is first eligible to do so, no backdating the receipt of the retiring allowance is permitted when an election is subsequently made. The retiring allowance will be recalculated at the date payment commences.

To make the election complete **Form GS20/1**, choosing Option A. This form is part of **Booklet GS20 - Options Available on Cessation of Government Service.**

The contributor may choose to receive a lump sum and a reduced retiring allowance. Information about these options is provided in:

- Section 5.1 Capitalisation
- Section 5.2 Variable allowance
- Section 5.3 Payment of a lump sum to increase the retiring allowance

The contributor may also provide an annuity for another person. For information on these refer to:

- Section 5.4 Election to increase annuity of contributor's spouse or partner or to provide annuity for an approved dependant
- Section 5.5 Surrender and assignment of allowance
- Section 7.2 Relationship property agreements (refer **Booklet GS2 - Retiring Allowance Options**)

Option B: Deferred retiring allowance

This option enables contributors who cease employment to elect to leave their contributions in GSF and make a further election to receive a retiring allowance from any date on or after their 50th birthday. This option is only available to contributors with at least 10 years' contributory service who make their election within 6 months of ceasing Government service or within a timeframe approved by the Authority.

The earliest a contributor may make a further election is within 3 months of his/her 50th birthday.

The Final Average Earnings for a deferred retiring allowance are adjusted in line with inflation between the date the contributor ceases service and the date the allowance is to commence.

The contributor may choose to receive a lump sum and to vary the amount of the allowance. Information about these options is provided in:

- Section 5.1 Capitalisation
- Section 5.2 Variable allowance

The contributor may also provide an annuity for another person. For information on these refer to:

- Section 5.4 Election to increase annuity of contributor's spouse or partner or to provide annuity for an approved dependant
- Section 5.5 Surrender and assignment of allowance
- Section 7.2 Relationship Property Agreements (refer **Booklet GS2 - Retiring Allowance Options**)

If a contributor dies after electing to leave the contributions in GSF but before payment of the retiring allowance has commenced and is survived by a spouse or partner, the spouse or partner has the choice of

- a refund of contributions and interest, or
- an allowance at half the rate the contributor would have been entitled to at the date of death.

If the contributor dies after electing to leave the contributions in GSF but before payment of the retiring allowance has commenced and is not survived by a spouse or partner, a refund of contributions and interest will be paid to the estate.

If the contributor dies after electing to leave the contributions in GSF but before payment of the retiring allowance has commenced, and is survived by children, the child allowance is not payable.

Option C: Refund of contributions

Any contributor ceasing Government service may elect to receive a refund of contributions. Neither interest paid or owed nor any amount paid above the contributor's contribution rate form part of the contributor's contributions, and are therefore not refundable.

Generally a refund of contributions and interest is payable. Interest is paid on contributions received after 1 May 1985 at the rate of 0.25% for every complete month of contributory service from that date. No interest is payable on contributions received before 1 May 1985. If a contributor is under age 60 and cessation is compulsory, interest may be paid on a contributor's total contributions at a rate calculated by a method determined by the Authority and approved by the Minister of Finance. This does not apply if the contributor is ceasing service due to misconduct.

Once payment has been accepted, contribution rights cease and may not be resumed.

An election to receive a refund of contributions is made on **Form GS20/1**. This form is part of **Booklet GS20 - Options Available on Cessation of Government Service**.

Option D: Continue to contribute after ceasing service

Contributors who cease Government service and do not qualify for immediate payment of a retiring allowance or a deferred retiring allowance may elect to continue contributing to GSF. This allows them to continue contributing for a maximum of three months after the last day of employment or for such longer period as the Authority may allow.

Contributors electing this option must pay the standard contribution rate plus an additional amount calculated to meet the full cost of the accruing benefits.

The additional amounts (including any amount representing the employer subsidy) are not refunded should a contributor subsequently elect to receive a refund of contributions.

Option E: Transfer to another superannuation scheme

This option is available to any contributor ceasing Government service who has at least ten years' contributory service. It allows a contributor to transfer contributions to another superannuation scheme. Such a scheme has to be a retirement scheme, within the meaning of section 6(1) of the Financial Markets Conduct Act 2013. The Authority must approve the transfer.

The sum transferable is made up of:

(a) Contributions paid to the scheme, less any interest paid or owed by the contributor, plus interest at 0.25% for every complete month of contributory service since 1 May 1985, on contributions paid since 1 May 1985 plus an additional 10% of the total for each year of contributory service in excess of ten years and an appropriate portion of 10% for any part year of such contributory service, or

(b) twice the amount payable under Option C,

whichever is the lesser.

Note - interest paid or owed to GSF together with any amount paid in addition to standard contributions does not form any part of the contributions and is therefore not refundable.

Once payment has been accepted the right to contribute to GSF ceases and may not be resumed.

To elect the transfer to another superannuation scheme complete **Form GS20/1**, choosing Option E. Contributors must also arrange for the manager of the other scheme to complete Section B of the form. This form is part of **Booklet GS20 - Options Available on Cessation of Government Service**.

Option F: Leave contributions in GSF and reactivate later

This option allows a contributor who ceases Government service to leave their contributions in GSF. If a contributor subsequently returns to Government service he/she may start contributing again and reactivate the previous service.

A contributor must be under 50 at the date of ceasing service to be eligible to choose this option.

A contributor may start contributing again if that contributor:

- resumes Government service,
- is eligible to enter the scheme to which they previously belonged (ie. General Scheme), and
- is then aged less than 50 years.

On reactivating, the length of contributory service will be adjusted to take into account the previous service and the length of absence. Generally for each year of absence contributory service will be reduced by 1.25%. However a reduction of 2.25% applies to any period of absence in excess of the length of the previous contributory service.

If a contributor does not return to Government service and does not wish to receive a refund, another cessation option must be elected before age 50. If a contributor does not elect another option before age 50 the right to recommence contributions ceases, and the contributor's contributions held by GSF will be refunded to the contributor.

If a contributor who has left contributions in GSF dies before resuming contributions and is survived by a spouse or partner , the spouse or partner has the choice of

- a refund of contributions and interest, or
- an allowance at half the rate the contributor should have been entitled to at the date of death.

If a contributor who has left contributions in GSF dies before resuming contributions and is not survived by a spouse or partner, a refund of contributions and interest will be paid to the estate.

If the same contributor is survived by children, the child allowance is not payable.

The election to leave contributions in GSF so contributions may later be resumed is made by electing Option F on **Form GS20/1**. This form is part of **Booklet GS20 - Options Available on Cessation of Government Service**.

4. Calculation of a retiring allowance

The retiring allowance is calculated using the Final Average Earnings times a Pension Percentage.

4.1 Final Average Earnings

The 5 years' superable salary before the contributor ceased service is used to assess the Final Average Earnings. The earnings (salary) for each year are assessed. The earnings for each of the first 4 years are adjusted to a value in the final year. The adjustment is achieved by:

- multiplying each amount by the appropriate Consumer Price Index figure of the final year, and

- dividing each amount by the appropriate Consumer Price Index figure of the year the earnings were received.

The appropriate Consumer Price Index figure for the final year is the figure two quarters prior to the date the contributor ceased service. The appropriate Consumer Price Index for the year the earnings were received is the corresponding quarter in that year.

Once adjusted, the earnings from the 5 years are averaged. The average figure is compared to the earnings in the final year. The lesser amount is used as the Final Average Earnings.

Exceptions

If a contributor has been contributing on a part time basis at any time during the last 5 years of service, the earnings are converted to what they would have been if the contributor had been employed on a full time basis.

If a contributor has suspended or reactivated during any of the final 5 years, the earnings over the period immediately prior to the final 5 years that is equal to the length of the break is included as part of the calculation.

There are special provisions if a contributor has less than 5 years' contributory service. Please ask the Schemes Administrator for details on this.

4.2 Pension Percentage

The Pension Percentage incorporates the contributor's age and the length of the contributory service. It is calculated using the formula:

- P x 0.7

  where P is the Pension Factor times the length of contributory service.

4.3 Pension Factor

The Pension Factor is determined by the contributor's age at the date the contributor's retiring allowance starts.

The factor is 1.5% for a contributor aged 60 and increases by 0.002% for every month or part month up to age 65. The factor decreases by 0.004% for every month or part of month the contributor is under 60, down to age 55 and decreases by a further 0.002% for every month or part of a month the contributor is under the age of 55.

The factors are set out on the next page.

Exception

Where a contributor retires on the ground of being medically unfit, then the Authority may, in certain circumstances, increase the retiring allowance to such amount as the Authority considers fair and equitable.

Factors for those Over Age 60 Years

1.5% at age 60 years increased by 0.002% per month until age 65 years.

Years	Monthly Percentage											
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
60	1.500	1.502	1.504	1.506	1.508	1.510	1.512	1.514	1.516	1.518	1.520	1.522
61	1.524	1.526	1.528	1.530	1.532	1.534	1.536	1.538	1.540	1.542	1.544	1.546
62	1.548	1.550	1.552	1.554	1.556	1.558	1.560	1.562	1.564	1.566	1.568	1.570
63	1.572	1.574	1.576	1.578	1.580	1.582	1.584	1.586	1.588	1.590	1.592	1.594
64	1.596	1.598	1.600	1.602	1.604	1.606	1.608	1.610	1.612	1.614	1.616	1.618
65	1.620											

Factors for those Under Age 60 Years

1.5% decreased by 0.004% per month until age 55 years.

Years	Monthly Percentage											
	11	**10**	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**	**0**
59	1.496	1.492	1.488	1.484	1.480	1.476	1.472	1.468	1.464	1.460	1.456	1.452
58	1.448	1.444	1.440	1.436	1.432	1.428	1.424	1.420	1.416	1.412	1.408	1.404
57	1.400	1.396	1.392	1.388	1.384	1.380	1.376	1.372	1.368	1.364	1.360	1.356
56	1.352	1.348	1.344	1.340	1.336	1.332	1.328	1.324	1.320	1.316	1.312	1.308
55	1.304	1.300	1.296	1.292	1.288	1.284	1.280	1.276	1.272	1.268	1.264	1.260

Decreased by a further 0.002% per month if under age 55 years.

Years	Monthly Percentage											
	11	**10**	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**	**0**
54	1.258	1.256	1.254	1.252	1.250	1.248	1.246	1.244	1.242	1.240	1.238	1.236
53	1.234	1.232	1.230	1.228	1.226	1.224	1.222	1.220	1.218	1.216	1.214	1.212
52	1.210	1.208	1.206	1.204	1.202	1.200	1.198	1.196	1.194	1.192	1.190	1.188
51	1.186	1.184	1.182	1.180	1.178	1.176	1.174	1.172	1.170	1.168	1.166	1.164
50	1.162	1.160	1.158	1.156	1.154	1.152	1.150	1.148	1.146	1.144	1.142	1.140

4.4 Contributory service

The length of contributory service is measured in years and days from the date contributions commenced to the last day of paid service.

The date contributions are treated as having commenced may be affected by:

- contributing in respect of that service,
- ceasing contributions at any time, or
- previously ceasing under the reactivation option, and later recommencing contributions.

The length of service may be affected by:

- contributing at a flat rate of 6% prior to 1 May 1985, rather than at the correct rate for age,
- contributing at 60% of the correct rate for age, prior to 1 May 1985, or
- periods of part time service, where a person contributed on a part time salary rate.

In all of these situations the length of service is calculated and reduced.

5. Options in relation to retiring allowances

5.1 Capitalisation

Capitalisation allows a contributor to convert part of the retiring allowance into a lump sum. Contributors may capitalise up to one quarter of the retiring allowance.

For contributors to the New General scheme the portion capitalised is multiplied by twelve to calculate the lump sum. For contributors to the Niue, Cook Islands and Tokelau Islands Schemes the lump sum is 10 times the amount capitalised.

A contributor may make a capitalisation at any time within the three months immediately preceding the date on which the contributor is entitled to a retiring allowance.

Once the Schemes Administrator has received an election it cannot be revoked or amended. However if a contributor has capitalised less than the maximum amount, one further election to increase the capitalisation to the maximum may be made. This must be done before any payment has been received.

Contributors, within three months of their last day of duty, may elect to receive up to half of the maximum capitalisation sum in advance. (This election is made on **Form GS20/3 - Election for Advance Payment of Part of Capitalisation**. A copy of this form may be obtained from the Schemes Administrator.) Interest will be charged on the advance payment from the date payment is made until the date the retiring allowance is due for payment.

5.2 Variable allowance

A contributor has the option of surrendering a portion of his/her retiring allowance from a specific date. The effect of this is to increase the allowance for the period prior to the date specified, but at the expense of an actuarially calculated decrease at the end of the period.

For example, at retirement a contributor may elect to surrender $2,000 at the age at which he/she becomes eligible for New Zealand Superannuation in return for an increased allowance for the period from retirement until that date.

This option is not available to contributors who qualify for a medically unfit retiring allowance. Other contributors electing this option are required to provide a certificate from a doctor confirming the contributor's current state of health.

Cost of living adjustments are not applied to the portion of the retiring allowance attributable to the surrender and the portion of the allowance attributable to the surrender is not included when assessing a spouse or partner's annuity.

5.3 Payment of a lump sum to increase the retiring allowance

A contributor who has at least 10 years contributory service, is aged 50 but under age 60 and has the employer's consent may, with the Authority's approval, make a payment to GSF to increase his/her retiring allowance.

The maximum amount the retiring allowance may be increased to is the amount the contributor would have been entitled to if he/she had continued to be employed and continued to contribute to GSF until age 65.

This option is not available to a contributor who has elected to receive a deferred retiring allowance or to someone who has qualified for a medical retiring allowance.

The cost of purchasing the increased retiring allowance is assessed actuarially. For further information and estimates of the payment required please contact the Schemes Administrator.

5.4 Election to increase annuity for contributor's spouse or partner or to provide annuity for an approved dependant

This option allows a contributor to provide a spouse or partner with an increased annuity, or a dependant (approved by the Authority) with an annuity, on the contributor's death. The contributor makes this provision by making an irrevocable election to surrender part of the retiring allowance.

There are three options available:

Option A - known as an 'absolute' election

The contributor surrenders a portion of the retiring allowance. The contributor's retiring allowance is reduced immediately. The amount surrendered buys a future annuity for the spouse/partner/dependant. On the contributor's death, this annuity is payable to the spouse/partner/dependant. If the spouse/partner/dependant dies before the contributor, the contributor's retiring allowance continues at the reduced rate.

Option B - known as a 'contingent' annuity

Although GSF accepts the contributor's election to surrender part of the retiring allowance, there is no immediate reduction to the contributor's allowance.

If the contributor dies first, the annuity purchased will be paid to the spouse/partner/dependant. However if the spouse/partner/dependant dies first, the contributor's retiring allowance is reduced by the amount that was surrendered.

Option C

This allows a contributor to make an absolute election under Option A combined with a contingent election under Option B.

Qualification requirements

The amount of the annuity is determined by the relative ages and sexes of the contributor and the pouse/partner/dependant.

This option is not available if a contributor retires medically unfit.

A medical certificate stating the contributor has a normal life expectancy must be provided by the contributor.

An approved dependant means a person who is wholly or partially dependant on the contributor (usually a close relative) and who is approved by the Authority for the purposes of the election.

The Schemes Administrator needs to sight the birth certificate for the spouse/partner/dependant and the marriage or civil union certificate, if relevant. For partners, information will be requested by the Schemes Administrator in support of the relationship.

Cost of living adjustments are made to the annuity. The normal spouse or partner's allowance payable to the contributor's spouse or partner will be based on the contributor's retiring allowance as if an election under this option had not been made.

The reduced retiring allowance retained by the contributor must be at least equal to the annuity available for the spouse/partner/dependant.

An election can be made:

- within the 3 months preceding a contributor retiring,
- after retiring but before payment of the retiring allowance has commenced,
- if a contributor has attained age 60 an election may be made without having ceased employment. The consent of the employer is required, and the Authority may require medical evidence as to the contributor's health. If the contributor dies before payment of the retiring allowance has commenced the spouse/partner/dependant will receive the annuity, or
- if a contributor who is in receipt of a retiring allowance marries or enters into a civil union or de facto relationship, an election may be made within three months of the date of the marriage (or entry into the civil union or de facto relationship).

Please note that if a contributor has made an election as described above, the spouse/partner/dependant may not opt for a refund of the contributor's contributions if the contributor dies.

5.5 Surrender and assignment of allowance

This option allows a contributor to surrender part of the retiring allowance in return for the payment of an allowance to another person.

Contributors can surrender up to one half of the basic allowance to provide an annuity for another person (the assignee).

The basic allowance is the contributor's retiring allowance after the effect of any election to capitalise or to provide an annuity for an approved spouse or partner or dependant (see sections 5.1 and 5.4 above).

To determine the assignee's annuity, the amount surrendered is assessed actuarially according to the ages and sexes of the contributor and the assignee. This ensures there is no increase or decrease to GSF's liability.

It is possible to make multiple assignments as long as the total proportion assigned is not more than 50% of the contributor's retiring allowance. It is not possible to make an assignment to a Trust.

An assignment election can be made within three months of the date the retiring allowance is due to start, or at any later date up to the date of the contributor's death. The election cannot be revoked or amended once payment of the assigned annuity has commenced.

Both the contributor's reduced retiring allowance and the assignee's annuity receive cost of living adjustments to compensate for inflation.

The assigned annuity is payable to the assignee for life.

If the contributor is survived by a spouse or partner, the spouse or partner's annuity will be based on the part of the retiring allowance that was not surrendered. If the surviving spouse or partner is the person to whom the surrendered allowance was assigned, that person will receive both the assigned annuity and the spouse/partner annuity.

If the assignee dies first, the assigned annuity ceases. The assigned portion does not revert back to the contributor. The contributor's allowance will continue at the reduced rate.

6. Death of an annuitant

This section covers the benefits available if a contributor dies while receiving a retiring allowance.

Any retiring allowance payments made after the date of death will need to be repaid to GSF. Therefore notification of an annuitant's death should be sent to the Schemes Administrator as soon as possible by someone attending to the estate. Early action will minimise overpayment.

If the contributor does not have a spouse or partner at the date of death, a refund of contributions, less any payments made by GSF, is paid to the contributor's estate. The refund is assessed in the same manner as for a deceased contributor. However interest is only due up until the date the contributor's annuity started.

Where a contributor dies and leaves a spouse or partner, the spouse or partner has the choice of either:

- a spouse/partner's allowance of up to half of the annual retiring allowance the contributor was receiving when they died, or
- a refund of contributions and interest, less any payments made by GSF to the contributor.

Qualification requirements

To establish a claim, spouses or civil union partners are required to provide the Schemes Administrator with copies of the death certificate and marriage or civil union certificate, or statutory equivalents to establish the claim.

For de facto partners, information will be requested by the Schemes Administrator in support of the relationship.

The spouse or partner's allowance is payable for life. It does not cease on remarriage.

If the contributor marries or enters into a civil union or de facto relationship after retirement, the amount of the spouse or partner's allowance depends on the length of the marriage or civil union or de facto relationship: 10% of the contributor's retiring allowance will be paid if death occurs within 2 years of marriage, increasing to 50% if death occurs after 5 years of marriage or civil union or de facto relationship. If the contributor took up the option described in section 5.4, the spouse or partner will receive the special annuity purchased, as well as the normal options described above. If the spouse or partner is under age 61 when the contributor dies, up to one quarter of the annuity may be converted to a lump sum. The portion capitalised is multiplied by 12 to give the lump sum.

Child allowance

The GSF Act provides for payment of an annual allowance to a contributor's child/ren on his/her death. This allowance is payable irrespective of whether the contributor dies before or after becoming entitled to a retiring allowance. The allowance is paid to the child until that child becomes 16 years old. The Authority may extend payment of the allowance to assist with the child's education until the end of the year in which the child turns 18.

In addition, the Authority may extend payment of the child allowance for whatever period the Authority thinks appropriate in cases where the child has a physical or mental disability that prevents him/her from earning a living.

A birth certificate is required to establish a claim for a child allowance.

7. Miscellaneous

7.1 Cost of living adjustments

Allowances are adjusted to compensate for the rise in the cost of living. The adjustments are based on changes to the all groups index number of the Consumer Price Index. All annual adjustments reflect the full effect of inflation as measured by the movement in the index between the two preceding December quarters.

If the change is less than 0.5% in any year the allowance will not be adjusted.

Generally, annual adjustments are paid on the first April pay date each year. However, the timing of the first annual adjustment that a contributor receives will depend on the date that the retiring allowance first becomes payable. Please contact the Schemes Administrator if you would like further details of how the cost of living adjustments are calculated.

7.2 Relationship property agreements

Matrimonial property settlements may be complicated. It is recommended members seek information from the Schemes Administrator before entering into such an agreement.

Refer **Booklet GS2 - Retiring Allowance Options** for more information.

GSF booklets for the New General Scheme include

GS 2	Retiring Allowance Options
GS 5	Granting a Charge over your Contributions to GSF
GS 6	Information
GS 7	Information on Leave Without Pay
GS 19	Options Available While Remaining in Government Service
GS 20	Options Available on Cessation of Government Service
GS 21	Election to Contribute at Previous Salary Rate Following Reduction in Superable Salary
GS 22	Contributing in Respect of Prior or Interrupted Government Service
GS 96	Option to Cease Contributing to GSF and Elect a Deferred Pension

If you would like copies of booklets relevant to your membership, please contact the Schemes Administrator at the address noted at the front of this brochure. Copies of the booklets are also available on the Authority's website – *www.gsfa.govt.nz*