

Mobility of Superannuation for Employees Transferring Employment between the NSW Public Sector, Local Government Sector and Electricity Distribution Sector

Mobility of superannuation entitlements for employees who have transferred or will transfer employment between the NSW State public sector, local government sector, and electricity distribution sector.

On 1 October 1999 a system of mobility of superannuation entitlements came into effect for employees who have transferred or will transfer employment between the NSW State public sector, local government sector, and electricity distribution sector.

Employer and employee associations in the local government and electricity distribution sectors established by Trust Deed the Local Government Superannuation Scheme (LGSS) and Energy Industries Superannuation Scheme (EISS) respectively in mid-1997.

Employees who were transferred from the public sector superannuation schemes to LGSS or EISS in the period from 1 July 1997 until 1 October 1999 had not been able to recommence their membership entitlements in the State public sector defined benefit superannuation schemes (SSS, SASS, SANCS) upon securing new employment with a public sector employer.

Such employees only had the option of deferring accrued benefits in LGSS or EISS, and entering the First State Superannuation Scheme or another accumulation-style scheme as applicable schemes for new employees in the public sector.

By contrast, the arrangements that took effect on 1 October 1999 allowed for mobility of accrued benefits and contributory rights between LGSS, EISS and the State public sector schemes for any employees who have or will transfer employment directly between the three employment sectors. An information paper is attached.

For further information or to make an application to exercise a transfer option, the following contacts are available:

- Staff transferring employment into the public sector should call the SAS Trustee Corporation on Freecall 1300 130 095 for (SASS members) or Freecall 1300 130 096 (for SSS members).
- Staff transferring employment into the electricity distribution sector should call the Energy Industries Superannuation Scheme on Freecall 1300 369 901.
- Staff transferring employment into the local government sector should call Local Government Super on Freecall 1300 547 873.

Please bring this matter to the attention of appropriate agencies and staff in your administration.

Philip Gaetjens
Secretary

INFORMATION PAPER

Mobility of superannuation for employees transferring employment between the NSW public sector, local government sector and electricity distribution sector

Statutory and trust deed superannuation scheme

On 1 October 1999 a system of mobility of accrued benefits in Local Government Superannuation Scheme, the Energy Industries Superannuation Scheme, and the State public sector defined benefit superannuation schemes (SSS, SASS and SANCS) came into effect for employees who have transferred or will transfer employment between the NSW public sector, NSW local government sector, and/or the NSW electricity distribution sector.

The arrangements are provided for under:

- the Superannuation Administration (Electricity Superannuation Scheme Transitional Provisions) Amendment Regulation 1999,
- the Superannuation Administration (Local Government Superannuation Scheme Transitional Provisions) Amendment Regulation 1999, and
- associated amendments to the Trust Deeds of the Local Government Superannuation Scheme (LGSS) and the Energy Industries Superannuation Scheme (EISS), which have been approved by the Trustees of those Schemes and consented to by the Treasurer.

How mobility operates for employees transferring into the State public sector

Local government and electricity distribution sector employees who were members of SSS, SASS or SANCS up to 1 July 1997, and who have been transferred by instruments under the *Superannuation Administration Act 1996* to LGSS or EISS on or after that date, will have some form of accrued benefits in the equivalent divisions of LGSS or EISS.

- Employees who remain employed in these sectors will have ongoing entitlements to accrue benefits in LGSS or EISS, as specified by the Trust Deeds for those schemes.
- On taking up new employment in the NSW public sector, these employees are able to transfer their accrued benefit and contributory entitlements to the equivalent membership in SSS, SASS, or SANCS (**the transferee scheme**).
- **The process of mobility may be initiated by the employee by making an application to exercise a transfer option.** The application must be made in an approved manner to the trustee of the transferee scheme (in this case the SAS Trustee Corporation as trustee of SSS, SASS and SANCS) when the employee takes up their new public sector position.
- **Such an application to exercise a transfer option is required to be made within 3 months of the person's transfer of employment to the public sector** (i.e. within 3 months of commencing in their new position in the State public sector). This requirement is consistent with the normal defined benefit scheme membership continuity rules applying to employees who move between positions in the public sector.
- **receipt of the application, the trustee of the transferor scheme will be required to determine the employee's accrued benefit in the transferor scheme** (in this case the relevant division of LGSS or EISS) based on an actuarial assessment of that employee's rights under the rules of the transferor scheme. Cash equivalent to the value of the employee's accrued benefit in the transferor scheme will then be transferred to the trustee of the transferee scheme.

- **Upon transfer of the cash amount, the trustee of the transferee scheme must establish the employee as a member of the transferee scheme** (in this case SSS, SASS or SANCS), and determine their contributory and accrual rights in accordance with actuarial advice on their entitlements under the rules of the transferee scheme with the assumption, inter alia, that no break in service in relation to that scheme has occurred.

Subsequent transfers of employment between the three sectors

- **A subsequent transfer of employment in the reverse direction will be treated in the same manner** (i.e. from a State public sector employer to a local government employer or electricity distribution sector employer) as an earlier transfer into the public sector.
- In this case SSS, SASS or SANCS will be treated as the transferor scheme, and LGSS or EISS will be treated as the transferee scheme, as appropriate.
- **Reciprocal arrangements between the Trust Deeds of LGSS and EISS will similarly allow transfers of scheme entitlements directly between LGSS and EISS** when employees transfer employment directly between the local government and electricity distribution sectors, or vice versa.
- **Employees who have been employed in any combination of the State public sector, local government sector, or electricity distribution sector will be able to transfer** their accrued benefits and contributory entitlements with each transfer of employment between the sectors. Provided there is no break in employment in any of the three sectors greater than the maximum periods provided for under the rules of the relevant superannuation schemes, the transfer of employee superannuation entitlements will be possible irrespective of the order of employment with each employer in these sectors.

For further information or to make an application to exercise a transfer option:

Staff transferring employment into the NSW State public sector should call the SAS Trustee Corporation on Freecall 1300 130 095 (for SASS members) or Freecall 1300 130 096 (for SSS members).

Staff transferring employment into the electricity distribution sector should call the Energy Industries Superannuation Scheme on Freecall 1300 369 901.

Staff transferring employment into the local government sector should call Local Government Super on Freecall 1300 547 873.

Which agencies does this Circular apply to?

This Circular applies to Departments, Executive Agencies related to Departments, Separate Agencies.

Who needs to know about this Circular?

Secretaries, Senior Executives, Managers, Employees, Payroll, Industrial Relations, Human Resources.

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Date: 25 June 2015

This Circular supersedes C1999-59

NSW Treasury website: www.treasury.nsw.gov.au