



NSW TEACHERS FEDERATION

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Please address all correspondence to
THE GENERAL SECRETARY

7 August 2006

In reply please quote: 258/06/JI/RB/cl

General Manager
Superannuation, Retirement and Savings Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Re: Submission on A Plan to Simplify and Streamline Superannuation

We write in relation to the Commonwealth Government's statement – "*A Plan to Simplify and Streamline Superannuation*" and in particular with regard to its implications for those employees who receive superannuation entitlements prior to age sixty.

The NSW Teachers Federation concurs with the submission made by the Australian Council of Trade Unions in relation to the above plan.

However, if the Government's proposals are implemented as currently suggested, significant numbers of NSW public sector employees, including teachers in NSW public schools and colleges will be disadvantaged relative to those who retire with full benefits at age sixty or later. In particular, there are large numbers of teachers who remain members of now closed, defined benefit schemes who are eligible for and have made considerable financial sacrifices to be able to retire with full benefits from age fifty-five or older. Teachers and other NSW public sector employees who are members of the NSW State Superannuation Scheme (SSS) or the NSW State Authorities Superannuation Scheme (SASS) are eligible for benefits from the respective schemes from age fifty-five. Many women members of SSS elected at the point they commenced employment to retire with full benefits at age fifty-five. These decisions were made in excess of twenty years ago. Such members have made considerable sacrifices in order to receive full benefits, including paying considerably higher contributions over the course of their careers as well as frequently being liable for maintaining both their own and employer contributions during periods of leave without pay, most typically for child rearing purposes.

Members of SASS contribute to that scheme on the basis of maximising entitlements at age fifty-eight.

Other groups of employees who do not immediately benefit from the Government's proposals are those who elect to take early voluntary retirement between ages fifty-five and sixty as well as those who are eligible for superannuation retirement benefits and are forced to retire due to ill-health.

In the event that the plan goes ahead, the Federation suggests that rather than applying a uniform age sixty for the implementation of the Government's proposals, instead the respective preservation age for each employee be used for determining the application of the Government's proposals.

These preservation rules already apply to the superannuation system and could be extended to the implementation of Government's proposals. As you are aware the existing preservation rules that apply to superannuation are as follows:-

For a person born	Preservation age (years)
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

If this were similarly applied to the Government's proposed arrangements, then those employees who had already made significant sacrifices over the course of their careers would not be disadvantaged relative to their colleagues and other workers who otherwise benefit from the Government's proposals with age sixty retirement.

Yours sincerely



John Irving
General Secretary



Maree O'Halloran
President