



Parliamentary Superannuation Scheme PSS 3 Tax

PSS 3 is an untaxed fund, which means the Commonwealth Government does not tax the contributions the government makes on your behalf, the amounts contributed via salary sacrifice or your investment earnings until you leave the Scheme.

This fact sheet will help you to better understand how your super is taxed and explain the terminology that is used in relation to this complex issue.

Untaxed super funds

PSS 3 is an untaxed fund, which means that the Commonwealth Government does not tax the contributions the Government makes on your behalf, the amounts contributed via salary sacrifice or your investment earnings until you leave the Scheme.

Eligible Termination Payments

When you receive your lump sum entitlement from the Scheme, it is known as an Eligible Termination Payment (ETP) and is subject to tax, in accordance with the Australian Taxation Office rules for untaxed funds. You can roll over your ETP into another fund or cash it, depending on the preserved and unpreserved portions of your entitlement.

Explanations on preserved and unpreserved portions can be obtained by referring to the Parliamentary Superannuation Scheme PSS 3 Product Disclosure Statement. When you receive your ETP, you will be given an ETP Summary that contains relevant information, including the tax deducted, if applicable.

An ETP is made up of a number of components and each is taxed differently, in accordance with your age when you take your benefit. The table on the following page shows you the names of the common tax components of your entitlement and the way they are taxed, when you take your entitlement in cash, as of 1 July 2020.

⚠ The information outlined in this fact sheet is based on an interpretation of current laws. These laws may change at any time. It is recommended that you speak to a financial adviser regarding how they may apply in your particular circumstance.

How tax is calculated on your PSS 3 entitlement ¹				
Names of tax component	Meaning	Under Commonwealth preservation age	Commonwealth preservation age up to age 59	60 or over age
Tax free component	This component consists of monies already taxed, such as after-tax contributions from net salary	Tax free	Tax free	Tax free
Taxable (untaxed) component	This component consists of monies yet to be taxed, such as employer contributions, salary sacrifice contributions and investment earnings	30% maximum tax rate up to \$1,565,000 ²	15% tax up to \$215,000 30% tax on balance up to \$1,565,000 ²	15% tax on amounts up to \$1,565,000 ²
Taxable (taxed) component	This component is made up of super already taxed, such as funds rolled in from a taxed scheme	20% maximum rate (no limit)	0% up to \$215,000 15% tax on balance (no limit)	Tax free

¹ Assumes Tax File Number (TFN) provided. If you do not provide your TFN, you will be taxed at the highest marginal tax rate plus Medicare levy. The 2% Medicare levy is also deducted when tax is payable and you take your entitlement in cash.

² Taxable (untaxed) amounts over \$1,565,000 will be taxed at the top marginal rate plus Medicare levy. If your marginal tax rate is lower, you may be eligible for reduced tax when you lodge your next tax return. This cap is for the 2020–21 financial year.

Tax and rolling your ETP into a taxed fund

If you roll over your ETP into a taxed fund your new fund will immediately deduct a 15% contributions tax from the taxable (untaxed) component.

Tax file numbers

Your tax file number (TFN) is a unique number issued to you, as a taxpayer, by the Australian Taxation Office (ATO). It enables the ATO to match information it receives about income earned with details disclosed in your tax return.

The Parliamentary Superannuation Board may ask you to provide your TFN for the purposes contained in the *Superannuation Industry (Supervision) Act 1993*. If you provide your TFN it will only be used for legal purposes and will assist in finding and identifying your super entitlements, including reporting to the ATO, now and in the future. It is not mandatory to provide your TFN. Declining to provide your TFN is not an offence.

Super SA will not pass on your TFN to any other fund (for example, if you cease to be a Member of the Parliament and roll your super into another fund) if you advise in writing that you do not wish Super SA to do so.

The following booklet may be of particular assistance if read in conjunction with the information presented here:

- Parliamentary Superannuation Scheme PSS 3 Product Disclosure Statement.

A full range of fact sheets is available from Super SA.

We're here to help

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Disclaimer: This fact sheet provides a general summary to help you understand your entitlements in the Parliamentary Superannuation Scheme. Super SA does its best to make sure the information is accurate and up-to-date. However, you need to be aware that it may not include all the technical details relevant to the topic. The precise details under which the Scheme is administered and entitlements are paid are set out in the *Parliamentary Superannuation Act 1974* and accompanying regulations. You can access copies of these documents by contacting (08) 8226 9839.

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