

Superannuation (PSS) Maximum Benefits (2005-2006) Determination 2005 – Explanatory Statement

1 Name of Determination

This determination is the *Superannuation (PSS) Maximum Benefits (2005-2006) Determination 2005*.

2 Commencement

This determination takes effect on 1 July 2005.

3 Purpose

The purpose of the determination is to set new maximum benefits for the Public Sector Superannuation (PSS) scheme to apply for the financial year beginning on 1 July 2005.

4 Background

Establishment of the PSS Scheme

The PSS scheme is established by the *Superannuation Act 1990*, a Trust Deed and Rules.

The PSS Rules were renumbered with effect from 1 July 1995, as a result of amendments made by the Ninth Amending Trust Deed.

Maximum Benefits

The PSS Rules contain specific rules specifying maximum benefits for scheme members and employees of the Australian Federal Police (AFP).

These specific rules are designed to ensure that the maximum attainable PSS benefits do not exceed the community wide superannuation Reasonable Benefits Limits administered by the Australian Taxation Office.

The lump sum and pension maximum benefits for AFP employees who are PSS members are designed to take into account a special superannuation entitlement paid by the AFP. The maximum benefits for these members place a limit on the combined AFP special benefit and the PSS benefit.

The maximum benefits also place a cap on the employer cost of the PSS.

Relevant Rules

Under the renumbered PSS Rules that came into effect on 1 July 1995, rules 5.6.1, 5.7.1 and 5.7.2 set out the *Table of Maximum Benefits Rates*.

In particular, the rules dealt with the following:

- rule 5.6.1 – maximum lump sum benefits for members;
- rule 5.7.1 – maximum lump sum benefits for AFP employees; and
- rule 5.7.2 – maximum pension benefits for AFP employees.

The amounts in the tables in rules 5.6.1 and 5.7.1 are the same.

Each rule sets out a table containing the maximum benefits to apply from 1 July 1995 until amended.

Power to Amend Maximum Benefits

Pursuant to rules 5.6.5 and 5.7.7 the PSS Board is empowered to determine maximum benefits for the purposes of the PSS Scheme, with effect from 1 July 1995 each year.

- under rule 5.6.5 the Board has the power to determine the amounts to be substituted into the *Table of Maximum Benefits* in rule 5.6.1.
- under rule 5.7.7 the Board has the power to determine the amounts to be substituted into the *Table - AFP Preliminary Maximum Benefits - Lump Sums* in rule 5.7.1 and the *Table - AFP Preliminary Maximum Benefits - Pensions* in rule 5.7.2.

Delegation

The PSS Board has delegated its power under rules 5.6.5 and 5.7.7 to relevant officers in Commonwealth Superannuation Administration (ComSuper).

Maximum Benefits in the Period 1 July 1996-30 June 2005

From 1 July 1996 onwards, the amounts set out in the tables in rules 5.6.1, 5.7.1 and 5.7.2 were replaced on 1 July each year, pursuant to the PSS (Maximum Benefits) Determination No 1, which was amended each year.

New Maximum Benefits

The new maximum benefits that apply with effect from 1 July 2005 are set out in the determination.

Revocation

With effect from 1 July 2005, the PSS (Maximum Benefits) Determination No 1, as amended, is revoked.