



Fact sheet: **Special instalment units & Division CF pensions**

General advice warning about using or relying on this information

The information is general information only and does not take into account your individual objectives, financial situation or needs. You should consider the information and its appropriateness, having regard to your own objectives, financial situation and needs, before making any decisions. You should seek professional financial advice tailored to your personal circumstances from an authorised financial adviser.

You are entitled to one unit for each \$260 of superable salary plus an extra entitlement of \$37.79, as at March 2023. The extra units are adjusted for inflation.

Units purchased after age 55 paid for differently to normal units purchased before age 55.

	Males	Females
Total cost to purchase each additional unit after age 55	\$493.28	\$468.80
Cost per unit converted to a fortnightly rate	\$3.79	\$3.61

Units are paid for by instalments and this means that it takes you five years from the date contributions commence to pay for these units. These units are called **Special Instalment Units**.

To obtain the full benefit of your Special Instalment Units in the calculation of your pension entitlement, you're required to pay for the units in full when you exit employment with the Commonwealth Bank Group (the Group).

Receiving the full value of any pension entitlement relating to units purchased after age 55 is contingent upon

you fully paying for the units either before or at the time the pension is due to commence being paid to you. If you choose not to fully pay for these units, all contributions made in respect of the units are refunded to you and only the employer-funded portion of your Special Instalment Units count towards your pension. The nature of the pre-age 55 units is that they are fully paid for when you reach age 60.

Note: Contributions made on a pre-tax basis (salary sacrifice) are grossed up for the 15% contribution tax loading. The respective rates are \$580.33 (\$4.46 per fortnight) for males and \$551.53 (\$4.25 per fortnight) for females.

Normal retirement benefit

The normal retirement age for a member in Division CF is 60. You may elect to retire at any time after reaching age 55, in which case your pension is paid at a reduced rate as an early voluntary retirement benefit.

The rate of pension payable on normal retirement is \$5.50 each fortnight for each superannuation unit for which you've contributed. The pension is reduced to offset a 15% tax payable on the employer's contribution component. We're required to pay tax on employer contributions for that part of your benefit that has accrued since 1 July 1988. The amounts shown in the annual benefit statement are calculated after the benefit reduction has been applied.

Please note that the pension does not automatically commence when you reach age 60 – it only commences from the date that you either elect to retire from service

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with the Group, or exercise super choice (i.e. elect to have your future employer superannuation entitlements met by way of contributions to an accumulation fund, e.g. an Accumulate Plus account in the fund).

If no election is made, pension payments commence once you turn age 65.

After age 60, the component related to your super salary does not change even if your super salary increases.

Why contributions are owed at retirement

Outstanding contributions arise from any Special Instalment Units purchased after age 55. This is because instalments or contributions towards the purchase of those units are made over 5 years.

For example, at age 60 there is one year of outstanding contributions for additional units taken at age 56, two years of outstanding contributions for additional units taken at age 57, three years of outstanding contributions for additional units taken at age 58 and so on. Further explanation is provided below.

Up until age 55, the cost of purchasing units is defined for each age. Each year the cost increases slightly to cater for the fact that less time is available to fully pay for the units. All units purchased before age 55 are fully paid for at age 60. Details of these rates are provided in the Division CF Member Booklet. If you retire before age 60, a reduction is applied to the pension to reflect the portion of the units that have been paid for.

Subject to your salary movements from year to year, you can expect to obtain an additional 20 to 30 units each year. Please note this is an average – some members may receive less and some may receive more.

The table below is an example of the contributions required for a male between ages 56 and 60. The member turns 60 on 1 July. Unit entitlements are allocated each year on 1 July.

The total units purchased up to age 55 are 340, which are fully paid if the member retired at age 60. The member purchases a total of 84 Special Instalment Units after age 55 and the total cost of these units is \$41,435.52.

The member elects to receive the pension at age 60. At this time, none of the Special Instalment Units that were taken up after age 55 have been fully paid for. Accordingly, a lump sum of the outstanding contributions is required prior to the pension commencing.

At age 60 the member owes \$15,045.04 (last column of the table). These contributions must be paid within one month of the last day of service.

The default method of paying for the outstanding contributions is to reduce the Voluntary Contributions account and or the Basic Benefit.

Alternatively, outstanding contributions may be paid from the proceeds of an election to commute (exchange) the pension to a lump sum, provided the commutation is effective within the one-month period. If the member commutes all or part of the pension for a lump sum, they may request that part of the lump sum benefit be used to pay the outstanding contributions balance, otherwise they need to pay it directly to the fund from non-superannuation money.

If the member doesn't want to pay the outstanding contribution, the contributions paid as at age 60 (i.e. \$26,390.48 in this example) are refunded to the member and the pension benefit is calculated based on the full value (\$5.50 per fortnight) of the 340 units acquired before age 55 and only the employer-funded value (\$3.30 per fortnight) of the 84 Special Instalment Units.

If the member continues in service beyond age 60 and doesn't exercise choice, the contributions continue in respect of the units purchased after age 55. These contributions continue until the units are fully paid for, i.e. until the \$15,045.04 is reduced to zero.

From age 60, no more units are allocated. The benefit that has been contributed towards effectively crystallises at that time. If a member retires or elects to exercise choice of fund, the pension becomes payable at that time.

Age next birthday	Total number of Units	Special Instalment Units to purchase	Total cost of Units	Fortnightly contribution (payable for 5 years)	Total fortnightly contribution	Amount collected by age 60	Amount owing at age 60
	340				\$350.00		
56	389	49	\$24,170.72	\$185.92	\$535.92	\$19,336.58	\$4,834.14
57	393	4	\$1,973.12	\$15.18	\$551.10	\$1,183.87	\$789.25
58	412	19	\$9,372.32	\$72.09	\$623.19	\$4,686.16	\$4,686.16
59	412	0	\$0.00	\$0.00	\$623.19	\$0.00	\$0.00
60	424	12	\$5,919.36	\$45.53	\$668.72	\$1,183.87	\$4,735.49
			\$41,435.52			\$26,390.48	\$15,045.04

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