



# The facts about Death Benefits

## Who should read this

PSS members who would like information on the benefits available to their dependants on their death. You should read the fact sheet together with your spouse to ensure that both of you understand the options available.

## What is in this fact sheet

- > Who is eligible to receive a benefit?
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## Who is eligible to receive a benefit?

Benefits are payable to your eligible spouse and/or children should you die whilst you are a contributing member, a preserved benefit member or after retirement provided you were receiving a PSS pension. The calculation of

benefits and the eligibility requirements that need to be satisfied at the time of your death are explained below.

On your death, your spouse will receive a PSS benefit provided that he/she had a marital relationship (see 'What does marital relationship mean?') with you at the time of your death.

## What does 'marital relationship' mean?

A marital relationship is where two people of the opposite sex live together as husband and wife in a permanent and bona fide domestic relationship for a continuous period of at least three years prior to the date of death.

If the relationship had been in existence for less than three years it can still be determined that a marital relationship existed after consideration of such matters as;

- > the length of the relationship,
- > whether the persons were legally married,
- > financial dependence,
- > whether there were children of the relationship,

- > joint ownership of property, or
- > any other evidence ARIA may consider relevant.

Where you previously had a marital relationship, but that relationship ceased prior to the date of your death, a spouse's benefit may still be payable if your spouse remained legally married to you at the time of death and it is determined that he/she was wholly or substantially dependent on you at the time of your death.

Also, a person can still be considered to be living with another person on a permanent and bona fide domestic basis where it is determined that the person would have been living with the other person except for a temporary absence or an absence resulting from illness or infirmity.

## What benefit is payable?

### Higher dependant pension option

If you retire on age or involuntary retirement grounds or claim your preserved benefit on age grounds you can elect to receive a lower pension at that time in return for your spouse and/or children receiving a higher pension following your death.

You can elect to reduce your pension to 93% of the normal pension rate and, in return, your eligible spouse and/or children will receive a higher pension following your death (refer to Tables 1 and 2).

This option is not available if you retire on invalidity grounds or if you die while you are still a contributing or preserved benefit member of the PSS.

### Spouse of a contributing member or preserved benefit member

If you die whilst you are a contributing or preserved benefit member, the pension payable to your eligible spouse will be a percentage of the invalidity pension that would have been payable had you retired on invalidity grounds. The various percentages are shown in the middle column of Table 1.

If you are a Limited Benefits Member at the time of your death, no pension benefit is payable; the only benefit payable is a lump sum (please refer to THE FACTS ABOUT INVALIDITY BENEFITS for further information).

Your spouse may choose to take their benefit as a pension, a lump sum or a combination of both (provided that at least 50% of the benefit is converted to pension).

### Spouse of a pensioner

If you die whilst receiving a PSS pension, your eligible spouse is entitled to receive a pension that is a percentage of the pension being paid to you at the time of your death.

The percentage payable will depend on whether you chose the higher dependant pension option at the time of your retirement. The various pension percentages are shown in Table 1.

If your marital relationship commenced after you began receiving your pension and after you reached age 60, and the relationship had been in existence for less than three years at the date of death, your spouse will receive a proportion of the spouse's pension that would normally have been payable. For example, if the relationship had been in existence for one year, then your spouse would receive one-third of the full spouse's pension.

### Apportionment of spouse's benefit

Where you are survived by more than one spouse, the benefit payable to each spouse may be apportioned having regard to their respective needs.

### Continuation of spouse's entitlement on remarriage

Where a spouse who is receiving a pension remarries, the pension continues to be paid. However, you should advise us of the details as soon as possible so that our records remain correct and complete.

### Payment of children's pensions

For the purposes of determining eligibility for PSS children's benefits, a child includes a natural child, an adopted child, an ex-nuptial child, a step-child, or a ward who was either living with you or wholly or substantially dependent upon you at the time of death.

A child can also include your spouse's child provided he/she was wholly or substantially dependent upon you at the time of death.

Where a child is born after the date of death, the child will be entitled to children's benefits if it is determined that the child would have lived with the member or been dependent on him/her.

Children's pensions are payable until the child reaches 16 years of age or until the age of 25 if the child is a full-time student and not ordinarily employed.

If there is a spouse and eligible children, the amount of spouse's pension payable is increased in respect of the eligible children.

If there are eligible children, but no eligible spouse, then orphan's benefits are payable.

The rates of spouse's pension (including children's pensions) and orphan's pension are shown in Tables 1 and 2 below (the percentages in the 3rd columns of these tables only apply where a member chose the higher dependant pension option when they retired).

### Lump sum payable to orphans

Where a contributing member dies and an orphan's pension is payable, the pension is paid up to the age of 16 or up to age 25 while the orphan is a full-time student. This means that the pension may only be paid for a short period of time.

A lump sum may, therefore, be paid to the orphan. This lump sum is the deceased member's benefit accrual (including an amount in respect of the benefit that would have accrued to age 60), less an 'estimation' (based on factors provided by an actuary) of the amount of orphan's pension that will be paid.

This lump sum is paid to the orphan at the time the pension is commenced.

### Rates of spouse's pension

Table 1 shows the percentage of your pension that would be payable to your spouse in the event of your death.

**Table 1: Calculation of spouse's pension**

Number of Dependants	Amount as percentage of former member's standard rate pension	Amount as percentage of former member's reduced rate pension*
Spouse only	67%	85%
Spouse and one child	78%	97%
Spouse and two children	89%	108%
Spouse and three or more children	100%	108%

*\*These percentage rates apply to a member who chose the high dependant pension option when they retired - refer to the 'Higher dependant pension option' on page 2.*

### Rates of orphan's pension

The calculation of orphan's pensions is shown in Table 2.

**Table 2: Calculation of orphan's pension**

Number of orphans	Amount as percentage of former member's standard rate pension	Amount as percentage of former member's reduced rate pension*
One orphan	45%	51%
Two orphans	80%	92%
Three orphans	90%	108%
Four or more orphans	100%	108%

*\*These percentage rates apply to a member who chose the high dependant pension option when they retired - refer to the 'Higher dependant pension option' on page 2.*

### Payment of benefit where there are no dependants

If you die whilst a contributing member and no spouse and/or children's benefits are payable, a benefit consisting of your total PSS benefit accrual is payable to your Estate.

This benefit accrual would include an amount in respect of the benefit you would have accrued had you continued working to age 60 (provided you were not a Limited Benefits Member—refer to THE FACTS ABOUT INVALIDITY BENEFITS for further information).

If you die whilst a preserved benefit member and no spouse and/or children's benefits are payable, a benefit comprising of your total preserved benefit at the time of death is payable to the Estate.

### Minimum benefit payable - death of a pensioner

The minimum benefit that must be paid in respect of a PSS member varies depending on whether the member retired on age or involuntary grounds or on invalidity grounds.

If you retired on age or involuntary grounds, or were a preserved benefit member before your pension became payable, the minimum benefit is the total of your member contributions and fund earnings and the minimum employer benefit payable under the Superannuation Guarantee legislation.

If you retired on invalidity grounds, the minimum benefit is the benefit accrual up to the date of invalidity retirement (i.e. it does not include an amount in respect of the benefit that would have accrued had you continued working to age 60).

Where no further pension is payable (i.e. you die and no spouse and/or children's pensions are payable, or your spouse subsequently dies and no children's benefit is payable), the minimum benefit payable is compared to the total benefits paid out as pension and lump sum and any minimum benefit balance is paid to your Estate.

## Surcharge debts

If you die as a contributing member or a preserved benefit member any surcharge debt is deducted from benefits payable to your Estate or spouse and/or children.

Where death occurs after retirement there is no subsequent adjustment of PSS benefits but the Australian Taxation Office (ATO) may seek to recover, from your Estate, any 'trailing' surcharge debt that had not been taken into account before the date of death. Generally such an amount relates only to the last financial year before retirement.

## Bi-annual adjustment of pensions

Pensions paid in respect of spouses and/or children are subject to bi-annual adjustments based on upwards movements in the Consumer Price Index.

## How to apply for a benefit

### Death whilst a contributing member or preserved benefit member

Application for a benefit should be made by your spouse or legal representative using the form **BENEFIT APPLICATION—SPOUSE (OR SPOUSE AND CHILDREN) OF A DECEASED MEMBER (SSM1-PSS)** which can be obtained from [www.pss.gov.au](http://www.pss.gov.au) or call us on **1300 000 377**.

The benefit application to be completed in respect of orphans, **Benefit Application—Orphan of a Deceased Member (SOM1)**, is also available.

### Death following retirement

Application for a benefit should be made by your spouse or legal representative using the form **SPOUSE OF A PENSIONER BENEFIT APPLICATION (S2SP)** which can be obtained from [www.pss.gov.au](http://www.pss.gov.au) or call us on **1300 000 377**.

The benefit application to be completed in respect of orphans, **Orphan of a Pensioner Benefit Application (SOP-PSS)**, is also available.

## Where can you get more information?

**EMAIL** [members@pss.gov.au](mailto:members@pss.gov.au)

**PHONE** 1300 000 377

**FAX** 02 6272 9613

**MAIL** PSS  
PO Box 22  
Belconnen ACT 2616

**WEB** [www.pss.gov.au](http://www.pss.gov.au)

### Warning - This Document Contains General Advice or Information Only

Any advice in this document has been prepared without taking account of your personal objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You may wish to consult a licensed financial planner to do this.

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