



Multiple PSS memberships

Who should read this?

Members who have a preserved PSS benefit who have joined (or are contemplating rejoining) the PSS.

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What you should know up front

It is important that you read the disclaimer at the end of this fact sheet. Before making any decisions, please read the **PSS product disclosure statement** and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

How would I have multiple PSS memberships?

You will have multiple PSS memberships if you have a preserved PSS benefit and you rejoin the PSS through new employment.

What are the main effects of having multiple PSS memberships?

Once you rejoin the PSS, your preserved benefit will cease to exist in its own right. It will instead become an essential part of your new membership.

If you only ever have a single PSS membership, your benefit is determined by multiplying your accrued benefit multiple (ABM) by your final average salary. Your ABM is derived from your contribution rate and years of service.

However, as a multiple membership holder, this process changes slightly. When you rejoin the PSS, your preserved benefit is converted into a 'credit' called a preserved benefit multiple (PBM), which is included in your new accrued benefit multiple.

How do you consolidate my memberships?

If you have a preserved benefit in the PSS and you rejoin the PSS, you will receive a PBM. In most situations, your PBM is calculated using the following formula:

$$\frac{APB}{CS} = PBM$$

APB is the dollar value of preserved benefit from your former membership(s) at the date of recommencing with the PSS.

CS is your salary on commencement of your new membership.

PBM is your preserved benefit multiple.

Once you rejoin the PSS, this PBM will be added to the benefit multiple you accrue under your new membership. Any future changes to your salary will also increase your benefit.

Your **APB** is calculated using the exit rate applicable on the day on which you rejoin the PSS.

How it worked for Wendy

Wendy was a member of the PSS from 1 July 1994 until 30 June 1996. When Wendy ceased that membership, her final average salary was \$33,500 and her accrued benefit multiple was 0.42 (based on a 5% rate of contribution over two years). Therefore, her total benefit in the scheme at 30 June 1996 was \$14,070 (or \$33,500 × 0.42).

Wendy withdrew her member component of \$4,400 and preserved her productivity and employer components of \$9,670 in the PSS.

Wendy later rejoined the PSS on 30 June 2001. Her productivity and employer components had grown to \$14,356. Her new commencing salary was \$44,800. This means that Wendy's PBM would be:

$$\frac{\$14,356}{\$44,800} = 0.3204464$$

Note that although Wendy has a smaller multiple, her salary is higher and the dollar value of her preserved benefit is therefore maintained.

Wendy ceased her second membership of the PSS on 30 June 2004 after contributing for a further three years at 5%. If Wendy's final average salary were \$50,000, her total benefit in the PSS at the date of ceasing membership for the second time would be:

$$(0.3204464 + 0.63) \times \$50,000 = \$47,522.32$$

How are multiple memberships affected by ceasing my PSS membership?

If you decide to cease your PSS membership, you must cease all your existing PSS memberships at the same time. For more information refer to **Facts about ceasing your PSS membership** fact sheet at www.pss.gov.au

Important additional information

It is important to note that if you had a preserved benefit in the PSS and you rejoined the PSS before 1 July 1995, we would use a slightly different formula to calculate your PBM. Please call us on 1300 000 377 if you are in this situation.

Additionally, ARIA has the ability to substitute a different formula for the calculation of the PBM in cases where the usual method would produce a result that was not fair or equitable among members as a whole. ARIA would not normally apply a different method of calculating a preserved multiple unless your salary growth was very high within the first couple of years of your new membership.

Investment choice

From December 2004, PSS preserved benefit members may invest their taxed accumulation components (member and productivity) in either the PSS Default Fund or the PSS Cash Investment Option. For further information see the **PSS Product Discloser Statement** on our website www.pss.gov.au

Please note, however, that once you rejoin the PSS your taxed accumulation components are automatically invested in the PSS Default Fund.

If you had chosen to invest in the PSS Cash Option whilst a preserved benefit member, we use the exit rate for the Cash Option to calculate the value of the member and productivity components of your accumulated preserved benefit on rejoining. The rest of your accumulated preserved benefit updates by the CPI rate.

How do I get more information?

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