

GSF ENTITLEMENTS – INFORMATION SHEET



As a current contributor to the New General Scheme GSF who is approaching age 65 this summary provides you with information regarding how the GSF retiring allowances are calculated.

No action is required from you and the following is provided for information only.

Calculation of Immediate Retiring Allowances

GSF is a defined benefit scheme governed by the Government Superannuation Fund Act 1956 (the **Act**). The entitlements available to members and how they are determined are set out in the **Act**.

The three factors that are used in the calculation are your Final Average Earnings (FAE), length of contributory service and pension factor. The pension factor is determined by your age at retirement and does not increase further after age 65.

Where a member is entitled to an Immediate Retiring Allowance on ceasing Government service the allowance is determined in accordance with the following formula:

$$\text{FAE} \times \text{Contributory Service} \times \text{Appropriate percentage} \times 0.7$$

Where:

Final Average Earnings (FAE) is the lower of:

- the average of the member's last five years indexed superable salary whilst contributing to GSF, where the indexation is in line with inflation (as set out in the **Act**) and
- the member's superable salary in the last 12 months whilst contributing to GSF.

Contributory service is the period during which the member has contributed, or is deemed to have contributed, to GSF

Appropriate percentage is an age related factor applying at the age (in years and months) the member's allowance comes into payment. The factor increases with age until age 65. Sample factors are set out below. A full set of factors is included in GSF Booklet GS6, available on the Authority's website www.gsfa.govt.nz or available on request from Datacom, the schemes administrator.

| Age | Appropriate percentage |
|-----|------------------------|
| 50 | 1.14% |
| 55 | 1.26% |
| 60 | 1.50% |
| 65 | 1.62% |
| 70 | 1.62% |

Once in payment, all retiring allowances increase annually in line with inflation (as set out in the **Act**).

It is important to note on reaching age 65, the appropriate percentage no longer continues to increase. Your contributory service and final average earnings will continue to increase, unless you have a decrease in your superable salary.

You should also note you cannot receive payment of a retiring allowance unless you cease Government service. Once you cease employment and elect to start receiving payment of your retiring allowance, it continues to be paid for your lifetime regardless of whether you are then in employment or not.