Scheme Summary

History of the scheme

The ETSA Staff Super Fund (which covered white collar workers and provided pension benefits) and the ETSA Retiring Gratuities Scheme (which covered blue collar workers and provided lump sums) date back to the 1920s.

Changes were made to the pension fund in the 1960s and again on 4 October 1975.

In 1988, the Pension Scheme (Division 3) and the RG Scheme (Division 4) were closed and a new Lump Sum defined benefit scheme (Division 2) were combined into the ETSA Contributory Scheme. In 1999, the non-contributory accumulation scheme (Division 5) was also included.

Following the privatisation of ETSA, the scheme came under the umbrella of the Electricity Corporations Act 1994, with the appointment of a Board to manage the scheme.

Structure of the scheme

The scheme has a Trust Deed, which is a schedule to the Electricity Corporations Act 1994. The scheme is exempt from much of the legislation that regulates superannuation funds, but it is taxed.

The scheme also has Rules, which are split into 5 Divisions as follows:

Division 1	General rules that define the powers of the Board
Division 2	Lump Sum Scheme (a combination of defined and accumulation benefits, closed to new members)
Division 3	Pension Scheme (defined benefit, closed to new members)
Division 4	RG Scheme (a combination of defined and accumulation benefits, closed to new members)
Division 5	Accumulation Scheme (open to new members)

There are members of the scheme who are active contributors to Division 2 and remain eligible to a preserved pension in Division 3. Otherwise, members are only in one Division.

The benefits and definitions in the Divisions can be very different from each other.

The scheme became taxed on 1 July 2022. Rules were put in place that stated that benefits would be reduced to allow for this change in status, but that members would not receive a benefit less than what they would have received from an untaxed scheme. To support this, all defined benefits are subject to what is known as a 'contribution tax offset' which reduces the gross benefit prior to benefit taxes being applied.

Role of the Board

The Electricity Industry Superannuation Board (the ElectricSuper Board) is responsible for the administration of the scheme. They are the Trustee and have powers and responsibilities set out under common law, the Electricity Corporations Act and the Scheme Rules.

The role of the Trustee Office is to manage many of the functions of the scheme on behalf of the Board. The Board outsources many functions to service providers.

Employer Funding

Employer contributions to the scheme are not straightforward. This is because Divisions 2, 3 and 4 (the defined benefit schemes) pay benefits on retirement that are based on salary, length of service and the member's average contributions. The employers take on the investment risk (that is, if the investment returns are poor, the employers pay more), as well as pay the administration costs.

For Division 3 (the Pension Scheme) it is even more complicated as the benefit is a pension that is paid for an unknown length of time (that is, it will be paid until the member and their spouse dies).

Therefore, employers contribute as much as is needed to keep the scheme in a position where it can pay members' benefits. Every 3 years, the scheme's actuary sets the level of contributions needed from employers in order to maintain the assets of the scheme at a level to provide for the benefits.

The employer contributions for Division 5 are typically a percentage of salary. The minimum the employer must pay is known as the Superannuation Guarantee (this is 11% of salary in 2023/24, 11.5% of salary in 2024/25 and 12% of salary after that). The member takes all the investment risk (that is, if investment returns are poor, the member's account is not as high as it otherwise might be).

Maximum Benefits

Division 3 members maximise their benefit at the later of age 60, or 30 years of membership. Members can reach their maximum defined benefit contributions earlier, but their pension still goes up until the later of age 60, or 30 years of membership.

Division 4 is a comparison between an accumulation benefit and a salary-based maximum.

Minimum Benefits

All benefits are structured to meet at least the minimum Superannuation Guarantee that employers are required to pay.

Contributions

Defined benefit (DB) members can vary their member contributions and this affects the amount of employer-funded benefit that members receive. The idea was to allow flexibility in funding to fit in with members' changing financial circumstances. The benefit accrual varies with the contribution rate, with the maximum employer-funded benefit accrued with an average rate of:

- Division 2: 6%
- Division 3: Standard contribution rate (individual for each member, between 5-6%)
- Division 4: 6%

Division 3 members must stop contributing when they reach their maximum benefit.

If members contribute more than the amounts above, any extra contributions are paid out with earnings (that is, they receive the extra contributions back plus any earnings).

All members can make additional voluntary contributions (AVCs) of any amount, though there may be penalty taxes charged if the contributions breach any limits (for example, the Concessional Contributions Cap and the Non-concessional Contributions Cap).

ElectricSuper accepts standard contributions and AVCs by pre-tax contributions (that is, salary sacrifice) or after-tax contributions.

Insurance

Most members have benefits payable on death or total disability. Accumulation Scheme members have a choice of insurance options.

See the Scheme Summary for details of insurance cover for each Division.

Pension commutation options

Retirement, Spouse and Invalidity Pensions may all be commuted (that is, converted to a lump sum). This decision must be made within 28 days of retirement.

Choice of fund

Division 5 (Accumulation Scheme) members can transfer their benefits to another fund. Other members do not have that right.

electric super

Benefit Design Summary

	Lump Sum Scheme Division 2	Pension Scheme Division 3	RG Scheme Division 4	Accumulation Scheme Division 5
General	Hybrid lump sum benefits. This means that the part that members pay for is the accumulation of contributions with earnings, whereas the employers pay for a defined benefit based on a formula and salary at retirement.	Defined benefit pensions	Hybrid lump sum benefits. This means that the part that members pay for is the accumulation of contributions with interest, whereas the employers pay for a defined benefit based on a formula and salary close to retirement.	Accumulation lump sum benefit
Standard member contributions	Variable, allowable rates 1.5%, 3%, 4.5%, 6%, 7.5%, 9% Maximum employer defined benefit received for an average contribution rate of 6% over 35 years of membership Average is measured through the use of contribution points	Variable, allowable rates 1.5%, 3%, 4.5%, 6%, 7.5%, 9%, standard Members have a standard contribution rate which was set when they joined the scheme Maximum employer defined benefit received for an average contribution rate over 30 years of membership Average is measured through the use of contribution points	Variable, allowable rates 1.5%, 3%, 4.5%, 6%, 7.5%, 9% Members are not permitted to contribute more than an average contribution rate of 6% and are notified when they reach this average Average is measured through the use of contribution points	n/a
Retirement benefit available	After age 55	After age 55	After age 55	After age 55
Retirement benefit at age 60	Member contributions + interest + 4.5 times contribution points ÷ 420 x final salary + 3.4% x final salary x years after 1992	Pension of up to 75% (less tax offset) of salary, pro-rated depending on average contribution rate, and period since occupational super was introduced. Pension includes a reversionary spouse pension of 2/3 of the retirement pension.	Member contributions + earnings + 2.3333 x Member Account, subject to a maximum of 4.9x salary + 3.4% x final salary x years after 1992	**Retirement benefit at any age from 55:** Accumulated contributions plus earnings
Variations on the retirement benefit	Members who transferred from the RG Scheme get the greater of the above benefit + RG accumulations with a maximum of 4.9x salary. Maximum defined benefit reduces the earlier the benefit is taken Additional grandfathered Occupational accumulations may also be included	Pensions may be commuted to lump sum (see Member Booklet for details) Members can choose to take either a pension after the tax offset or a pension gross of tax offset. The income tax paid on on these benefits is different.	Maximum defined benefit reduces the earlier the benefit is taken Additional grandfathered Occupational accumulations may also be included	n/a

Benefit Design Summary

	Lump Sum Scheme Division 2	Pension Scheme Division 3	RG Scheme Division 4	Accumulation Scheme Division 5
Resignation benefit	Available prior to age 55. Three options are available: 1. Cash plus rollover essentially minimum Superannuation Guarantee (SG) benefit. member account may be taken in cash, the employer must be preserved in the scheme or another fund. 2. Preserved retirement benefit preserved in the scheme, indexed at inflation on the defined portions and interest on the accumulation portions. Subject to maxima. 3. Rollover benefit Member Account + twice member account (limited to the Member Account had the contribution rate averaged 6%) + 3.4% benefit as for retirement. Member has 3 months to decide. Default option is 2.	Available prior to age 55. Two options are available: 1. Cash plus rollover essentially minimum Superannuation Guarantee (SG) benefit. Member Account may be taken in cash, the employer amount must be preserved in the scheme or another fund. 2. Preserved retirement benefit accrued pension preserved in the scheme, indexed at inflation. Member has 3 months to decide. Default option is 2.	Available prior to age 55. Two options are available. 1. Cash plus rollover essentially minimum Superannuation Guarantee (SG) benefit. Member Account may be taken in cash, the employer amount must be preserved in the scheme or another fund. 2. Preserved retirement benefit preserved in the scheme, indexed at inflation on the defined portions and earnings on the accumulated portions. Member has 3 months to decide. Default option is 2.	As for retirement. Benefit can be preserved in the scheme (default) or rolled over.
Retrenchment/ VSP benefit	Available prior to age 55. Three options are available	Lump sum benefit of Member Account + 2.5 times Member Account (limited to what Member Account would have been at the member's standard percentage). Members also have the option of taking a preserved pension.	n/a	n/a
Temporary disability (income protection) benefit	Available to age 55 Benefit of 2/3 of salary Payable for 12 months (can be extended by the Board for another 6 months) Benefit can't start until sick leave exhausted	Available to age 55 Benefit of extrapolated retirement pension Payable for 12 months (can be extended by the Board for another 6 months) Benefit can't start until sick leave exhausted	No Temporary Disability benefit available	Available to age 60 2/3 of salary Payable for up to 12 months (can be extended by the Board for another 6 months) Benefit can't start until sick leave exhausted

Benefit Design Summary

	Lump Sum Scheme Division 2	Pension Scheme Division 3	RG Scheme Division 4	Accumulation Scheme Division 5
Total and permanent (TPD) disablement benefit	Over 55: Retirement benefit Under 55: Retirement benefit at age 55, assuming 6% contributions in future and with a minimum of twice salary on the Member Account. Benefit may be limited by amount of insurance proceeds received See Member Booklet for eligibility.	Extrapolated retirement pension Benefit may be commuted within 28 days See Member Booklet for eligibility	Retirement benefit, plus the excess (if any) of 2x salary over Member Account	Retirement benefit, plus insured amount Death and TPD insurance benefit for active members = salary x selected insurance percentage x (months to age 60 ÷ 12). The selected insurance percentages available are: 9%, 15% (default), 20%, 25%, 30%, 35%, 40%, 45%, 50%. TPD cover for Retained members and Spouse members is unitised, with each unit providing $500 of cover. Cover may not be automatically provided. See the website for details of when you will need to apply for cover. Cost of insurance is deducted from member's account. Cost varies with the level of cover and the member's age See www.electricsuper.au/ insurance for eligibility.
Death benefit	Benefit varies according to age and number of dependants: Over 55, spouse, no eligible children: Retirement benefit Any age, spouse and eligible children: spouse receives potential age 60 retirement benefit based on defined benefit multiple of 3 rather than 4.5. Eligible children receive a pension. No spouse but with eligible children: estate receives the greater of Member Account and 2x salary. Eligible children receive pensions. Additional amount possibly payable to estate on cessation of pensions. No spouse, no eligible children: estate receives accrued retirement benefit. Member can nominate beneficiaries, but if none nominated, will be paid to spouse. Dependants are defined in the Rules. See the Member Booklet for details.	Benefit varies according to age and number of dependants: Spouse receives 2/3 of potential age 60 pension Eligible children receive a pension No spouse, but with eligible children: estate receives greater of Member Account and 2x salary. Eligible children receive pensions. Spouse pension may be commuted. No nomination of beneficiaries possible. Dependants are defined in the Rules. See the Member Booklet for details.	As for TPD, though the additional amount payable on TPD is only payable if there are dependants. Beneficiaries may be nominated, though they must be a spouse, child, or dependant.	As for TPD benefit. Beneficiaries may be nominated, though they must be a spouse, child, someone wholly or partly financially dependent, any person the member has an interdependency relationship with, or the member's legal personal representative. If no valid beneficiary in place at the time of the member's death, the benefit will be paid out at the Trustee Board's discretion.

Benefit Design Summary

	Lump Sum Scheme Division 2	Pension Scheme Division 3	RG Scheme Division 4	Accumulation Scheme Division 5
Investment choice	For standard member contributions, the options available are: • Balanced Growth • Cash Member must invest 100% of their Member Contribution sub-account into one of these 2 options. For the Additional Voluntary Contribution sub-account and Rollover sub-account (for funds rolled in from other super accounts), the options available to members are: • High Growth • Balanced Growth • Conservative Growth • Cash Member can split across more than one investment choice for the balance invested in the Additional Voluntary Contribution sub-account and the Rollover sub-account.	For standard member contributions, the only option available is Balanced Growth For additional voluntary contributions (AVCs), the options available are: • High Growth • Balanced Growth • Conservative Growth • Cash Member can split across more than one investment choice for their Additional Voluntary Contribution sub-account.	For standard member contributions, the options available are: • Balanced Growth • Cash Member must invest 100% of their Member Contribution sub-account into one of these 2 options. For Additional Voluntary Contributions sub-account and Rollover sub-account (for funds rolled in from other super accounts), the options available to members are: • High Growth • Balanced Growth • Conservative Growth • Cash Member can split across more than one investment choice for the balances invested in the Additional Voluntary Contribution sub-account and the Rollover sub-account.	For the member's whole account balance, the options available are: • High Growth • Balanced Growth • Conservative Growth • Cash Member can split across more than one investment choice, and the investment choice made for the current balance will also be applied to future contributions received.