

FAQs About PSSF Pension Changes

Last Updated: 25 September 2026

1. What is the lump-sum conversion factor?

The lump-sum conversion factor is the number used to calculate the amount of money a member receives upfront when they choose to exchange part of their lifelong pension income for a one-off lump sum.

A higher conversion factor produces a larger lump sum for the same amount of pension exchanged, while a lower conversion factor produces a smaller lump sum.

2. How is the lump-sum conversion factor changing?

The previous reform approach contemplated a reduction in the conversion factor from April 2027. The revised approach introduces a phased reduction gradually from April 2029 to April 2035. The actual conversion factor will be set following the prevailing actuarial review and consultation with the Public Service Superannuation Board. It is important to note that public officers who are employed and eligible to retire on 31 March 2027 will have their lump sum protected so if they choose to continue working the lump sum dollar amount received at retirement will not reduce.

3. Have the conversion factors been finalised?

No, the Government has used indicative numbers to support its modelling although the actual conversion factor will be determined through actuarial review and following consultation with the Public Service Superannuation Board.

The existing legislation provides for the conversion factor to be actuarially assessed rather than permanently fixed at 11.5.

4. Does this change affect me if I keep my full pension and do not take a lump sum?

No. The change to the lump-sum conversion factor will have no impact on members who choose to maintain their full lifelong pension rather than reducing their pension payments in exchange for a one-off lump sum.

This is important to note, because it makes clear that the conversion-factor change applies specifically when a member elects to exchange their lifelong pension income for an upfront lump sum.

5. Why is the change being phased?

Government recognised concerns within the Public Service about the timing and scale of the previously contemplated change.

The phased approach delays the initial change from April 2027 to April 2029 and provides a more gradual transition while continuing the wider work to support the long-term financial position of the PSSF.

6. What protection is available to public officers who were eligible to retire on 31 March 2027?

Public officers who are employed and eligible to retire on 31 March 2027 will receive additional protection.

If they choose to continue working, the dollar amount of their future lump sum will be guaranteed not to be less than the amount they would have been entitled to receive if they had retired on 31 March 2027.

7. How does the cash guarantee work?

For a public officer who is employed and eligible to retire on 31 March 2027, the lump sum they would have been entitled to receive at that date establishes a minimum protected amount.

If they continue working, their eventual lump-sum payment will be guaranteed to be no less than that protected amount, even if the applicable conversion factor changes before they retire.

The guarantee applies to all employees who are employed and eligible to retire on 31 March 2027 and will remain in place until the employee eventually retires. There is no requirement to retire by 2029, or by any other date, in order to retain this protection.

8. How does taking a lump sum affect my pension income?

Taking a lump sum means exchanging part of your lifelong pension income for a one-off payment.

The amount a member chooses to take as a lump sum will therefore affect the pension income they receive afterwards.

Members who choose to maintain their full lifelong pension rather than taking a lump sum are not affected by the change to the lump-sum conversion factor.

The pension calculator has been updated to help staff project their pension benefits based on their own personal circumstances.

In other words, taking a lump-sum reduces the monthly payments a member will receive for the rest of their life. The more that is taken up-front, the less that remains for remaining years.

9. Who determines the lump-sum conversion factor?

The conversion factor is set by the Minister of Finance using current actuarial advice and after consultation with the Public Service Superannuation Board.

10. What happens if I have already submitted a retirement notice but now want to remain in the Public Service?

If you are below mandatory retirement age, your retirement notice has been accepted and your retirement has not yet taken effect, you may request to have your retirement notice rescinded by 30 October 2026.

If you have reached mandatory retirement age and remain in the Public Service, continued employment remains subject to the existing employer approval process.

Employees who wish to reconsider a previously submitted retirement notice should speak with their Manager or Head of Department about the appropriate next steps. Requests to rescind must be submitted in writing by 30 October 2026. This is a one-off opportunity.

11. Is rescinding my retirement notice automatic?

No. If you are below the mandatory retirement age and your retirement has not yet taken effect, you must request in writing to have your retirement notice rescinded by 30 October 2026.

Employees that have reached the mandatory retirement age remain subject to the existing approval requirements for continued employment beyond the mandatory retirement age.