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1 July 2008 changes

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Your guide to the 1 July 2008 changes – voluntary contributions and option to cease PSS membership

From 1 July 2008 two major changes that affect CSS and PSS members will be introduced. There are some key things you need to know to help you prepare for these changes.

PSS members can cease membership from 1 July 2008

From 1 July 2008 PSS members will have the option to cease their scheme membership. If they choose to do this they won't be able to rejoin the PSS in the future.

What to do if an employee wishes to cease PSS membership

If an employee wishes to cease their membership they need to complete a **PSS Election to cease membership** form. You, the employer, will then also complete the relevant section and return the form to Employer Services.

The **PSS Election to cease membership** form includes an option for members to have their transfer value rolled over. The PSS member needs to decide at this time if they would like to transfer any money out of their PSS account. They can only transfer out what they have transferred in previously, and this can only occur at the same time as ceasing membership.

If a member has elected to cease membership of the PSS, there are two options available:

- > If their employer is a participating PSSap employer, the member is required to join the PSSap. They may stay with the PSSap or move to another superannuation fund.
- > If their employer has asked to be excluded from the PSSap, the employee may choose another superannuation scheme, and cannot become a PSSap member

For more information regarding the processing of these changes please refer to the Quick guide **PSS members ceasing scheme membership - administration arrangements**.

PSSap

PSS

CSS

CSS and PSS member contributions will be voluntary (0%)

From 1 July 2008 CSS and PSS members will be able to contribute on a voluntary basis (0%). It is important to understand that this isn't the same as not making a contribution at all as the employer benefits contribute to accrue. However, this does not apply to employees who are on a type of Leave Without Pay (LWOP) which doesn't permit accrual of benefits. See the **Contributions** Training notes for more information on LWOP.

What does this mean for CSS?

For a CSS member who elects to pay 0%, their contributory service continues to accrue. However members whose future benefits are based on a multiple of basic contributions and earnings will have their benefits based on basic contributions of 0% and earnings. This will apply to employees such as CSS members who defer benefits or members who take their entire retrenchment benefit as a lump sum.

What does this mean for PSS?

The benefit multiple for a PSS member who elects to pay 0% will be 0.11 per annum. The benefit multiple is a factor used to calculate a member's final benefit when they exit the PSS in conjunction with their Final Average Salary. The benefit multiple is influenced by the member's rate of contributions and length of membership in the Scheme.

How will a 0% contribution affect your employees?

Leave Without Pay (LWOP) for less than 12 weeks

Contributions in the CSS and PSS are still payable during periods of LWOP for less than 12 weeks and members will be able to elect to pay 0% contributions during these periods. However, for maternity leave a 0% contribution rate is not permitted.

LWOP for more than 12 weeks

Contributions are generally not payable for periods of LWOP of more than 12 weeks. However, there are some periods of LWOP where special arrangements apply and members must pay contributions such as:

- > sick leave without pay
- > leave without pay in the public interest where the new employer agrees to pay; and
- > leave without pay where the employer agrees to pay.

Maternity leave without pay where the member elects to pay

CSS and PSS members are not able to make 0% contributions while on maternity, paternal or adoption leave without pay, even if they are paying a 0% contribution before the leave started. A member needs to pay between 2% and 10% in the PSS or 5% and above in the CSS. If the member was paying 0% before the leave started, the contribution rate will go back to 0% when their leave finishes. The member does not need to make an election for this to occur.

Members on compensation leave in the PSS

PSS members are not permitted to pay member contributions on a reduced pension rate when they are receiving compensation payments. You will need to use the previous four paydays to determine the contribution rate they will pay. The table in the 0% contributions employer Quick guide will help you establish what contributions are permitted.

What you can tell your employees

If you would like to let your employees know about the 1 July CSS and PSS expanded options, you can use the email template on the next page.

Dear employee,

You will soon receive an information pack in the mail from your superannuation scheme about your expanded options effective 1 July 2008.

For CSS members only

From 1 July 2008, your member contribution will become voluntary.

You are currently required to contribute 5% of your after-tax salary towards your super. You can change your contribution rate at any time and there is no upper limit on the amount of supplementary contributions you can pay.

From 1 July 2008, you can continue to contribute 5% (as your basic contributions) OR you can choose not to contribute at all (0%). Your member contributions will remain at their current rate if you decide not to make any changes. This is a great opportunity to explore how your contributions affect your final benefit and to check if you are contributing at the rate to achieve your goals.

You should be aware that if you choose not to contribute at all, it won't affect your CPI indexed pension if you retire after 55. However, if you resign and preserve your benefit, it could have a detrimental impact on the amount of the pension you may otherwise receive.

Take time to explore your options – visit www.exploreccs.com.au for more details.

For PSS members

From 1 July 2008, you will be able to:

- > choose to make contributions between 2% and 10% of your after-tax salary OR you can choose not to contribute at all
- > elect to cease PSS membership and move to the PSSap – ARIA's accumulation plan^{*}.

From 1 July 2008, your member contributions will be voluntary

You are currently required to contribute between 2% and 10% of your after-tax salary towards your super. From 1 July 2008, you will be able to choose to continue to contribute between 2% and 10% of your salary or choose not to contribute at all (0%). This is a great opportunity to explore how your current contribution level may affect your final benefit and check if you are contributing at the rate to achieve your goals. If you decide not to make any changes, your member contributions will remain at their current rate.

You'll now have the option of choosing an accumulation plan

From 1 July 2008, you will be able to choose to:

- > Stay with the PSS – ARIA's defined benefit scheme. The PSS gives you the security of a super benefit that is 'defined' in advance. You pay no scheme administration fees, receive automatic death and invalidity cover and a number of flexible options for taking your retirement benefit (lump sum, indexed pension or a combination of both).
- > Move to the PSSap – ARIA's accumulation plan^{*}. The PSSap was established to meet the needs of Australian Government employees. It is an accumulation scheme where your contributions, employer contributions plus investment earnings less fees and taxes make up your final benefit. This works very differently from the PSS (see pages 16 and 17 of the booklet you received for a comparison). PSSap members receive generous employer contributions (15.4%), a range of investment choices and death and TPD insurance cover[^].

* Some PSS members will not be eligible to join the PSSap – check with your personnel section to see if you are eligible.

[^] When moving from the PSS to the PSSap, your insurance options are subject to special conditions for the first 12 months. Visit the PSS website to find out more.

Take time to explore your options – visit www.explorepss.com.au for more details.

Some other avenues of information for your employees:

- > the 'explore' websites at www.exploreccs.com.au or www.explorepss.com.au
- > we are in the process of sending out an information pack to members
- > CSS members can contact their scheme directly. Phone 1300 000 277 or email members@css.gov.au
- > PSS members can contact their scheme directly. Phone 1300 000 377 or email members@pss.gov.au

New employer productivity superannuation contribution rates

New employer productivity superannuation contribution (EPSC) rates will apply to all PSS and CSS members with a productivity benefit from the first pay of the financial year (pay 1 – 10 July 2008).

The new rates applying from pay 1 (10 July 2008) are outlined in the table below:

EPSC rates for 2008/2009 financial year	
Fortnightly rate of salary	Fortnightly productivity contribution
Less than \$1670.67	\$50.12
\$1,670.67 or more to under \$2,690.67	The amount that is 3% of the employee's fortnightly rate of Salary
\$2,690.67 or more to under \$4,036.00	\$80.72
\$4,036.00 or more	The amount that is 2% of the employee's fortnightly rate of Salary

2008/09 Maximum Benefit Limits for PSS members

The Maximum Benefit Limit (MBL) applicable to PSS members has increased with movements in the Average Weekly Ordinary Time Earnings (AWOTE) index.

MBLs for the 2008/09 financial year is outlined in the below:

MBLs from 1 July 2008	
Average Salary	Maximum Benefit
Less than \$52,000	\$520,000
\$52,000 and over	10 times average salary

Note: Different MBLs may apply to members of the Australian Federal Police. Please contact Employer Help for more information. Members should contact the PSS on 1300 000 377.

OTE earnings

From 1 July 2008 all employers are required to use Ordinary Time Earnings (OTE) as the earnings base when assessing an employee's Superannuation Guarantee

Despite this change, contributions to the CSS and PSS will continue to be based on a member's superannuation salary on their birthday. OTE is generally what an employee earns for their ordinary hours of work and excludes some payments such as overtime. The Australian Tax Office (ATO) can assist you with determining which payments are included in OTE. Contact the ATO on 13 10 20. OTE examples are also on the ATO website at www.ato.gov.au

What does this mean for you?

You will need to start reporting OTE for CSS and PSS members from payday 10 July 2008, in the same way that you report for PSSap members. If you have any questions, please contact Employer Help on 02 6272 9993 or email employer.help@comsuper.gov.au

Quarterly report to PSSap members is due

At the end of each quarter you are required to tell your PSSap members how much you have paid to the PSSap on their behalf. This includes basic contributions, any additional employer contributions and salary sacrifice amounts. The total amount must be expressed in dollars and cents, and as a percentage of OTE. If the total is less than 9% of OTE, you need to tell your employee the difference, in dollars and cents, between the amount you have contributed based on FCS salary and the amount the member is entitled to.

Frequently Asked Questions

Q. If I have an employee who has elected to cease their membership in one pay period and then commences membership in the PSSap in the same period, which scheme do I pay the contributions to?

A. The contributions will be paid to the scheme the employee is in on the actual payday. In this scenario, 15.4% is payable to the PSSap.

Q. If I have an employee who is currently in the PSS who pays additional death and invalidity cover (ADIC) and they cease their membership and join the PSSap, does this cover roll over to the PSSap?

A. No, once a member ceases the PSS, the ADIC cover is also ceased.

Q. Is there any difference between the insurance for a member that has moved from the PSS to the PSSap, and a new employee who has just joined the PSSap?

A. The employee who ceases PSS membership and joins the PSS has limited insurance cover for the first 12 months of PSSap membership. There is more detail about this for the member in the PSSap Product Disclosure Statement.

Q. We have a member of the CSS who wants to pay a 0% contribution rate. Will this affect their years of contributory service in the CSS?

A. No it won't. A member who elects to pay 0% in the CSS will still accrue contributory service for superannuation purposes.

Voluntary contributions and option to cease PSS membership

Attend our workshops to find out how these latest CSS and PSS changes (effective 1 July 2008) will affect you and your employees.

General information sessions

These sessions will provide a general outline of PSS and CSS members' new options from 1 July 2008:

- > CSS and PSS members can now make voluntary (0%) contributions; and
- > PSS members will have the option of ceasing membership.

Information will also be provided on Ordinary Time Earnings (OTE) reporting requirements for CSS and PSS members from 1 July 2008.

Administration and Payroll information sessions:

These sessions will outline administration arrangements for:

- > Voluntary (0%) contributions for CSS and PSS members; and
- > PSS members' option to cease membership.

These sessions will also provide information on OTE reporting requirements for CSS and PSS members from 1 July 2008 and new validations for submission of files and errors and warnings.

These workshops are free of charge.

List of locations and dates for the workshops

Location	Dates and Times	Venue	Time
Brisbane	Monday 16 and Tuesday 17 June	Medina Executive Brisbane 15 Ivory Lane Brisbane, QLD 4000	General session at 9am and 1.30pm Admin/Payroll session at 11am
Canberra	Tuesday 17 June Tuesday 24 June	ComSuper Chandler St Offices, Cnr Chandler and Cameron Sts, Belconnen	General sessions at 9am and 1.30pm* Admin/Payroll session: 11am
Darwin	To be advised.	To be advised. Employers will be contacted directly with venue details	

*Seating is limited

There will be two morning sessions for general information followed by one afternoon session for administration and payroll information. To register your interest in our workshops email employer.help@comsuper.gov.au

Please include the participants' names, date and preferred time if applicable. In most cases the workshop will be within the Central Business District of each city.

Canberra sessions will be conducted at ComSuper, Unit 4 Chandler Street, Belconnen. Employer Services staff will also contact participants prior to the sessions to confirm details. Please note that at this time, ComSuper is unable to conduct individual agency workshops due to time constraints.

At Work for You member public workshop dates for July and August

To help your employees understand their scheme and how these new changes might affect them we can visit your workplace to conduct a member workshop. We have limited time available for in-house workshops for the rest of the year – just call us on 02 6263 6999 or email atworkforemployers@aria.gov.au

If you don't have training facilities at your place of work, you can let your employees know about our upcoming public workshops. Employees register for these sessions via their scheme website. (There are more dates available on the scheme websites.)

City	Location	Date and time	Scheme
Melbourne	Mantra on Russell	23 July at 9.30am	CSS
Melbourne	Mantra on Russell	23 July at 2.00pm	PSS
Townsville	Rydges	29 July at 9.30am	CSS
Townsville	Rydges	29 July at 2.00pm	PSS
Sydney	Medina Executive	5 August at 9.30am	CSS
Sydney	Medina Executive	5 August at 2.00pm	PSS
Darwin	Holiday Inn	12 August at 9.30am	CSS
Darwin	Holiday Inn	12 August at 2.00pm	PSS
Alice Springs	Crowne Plaza	14 August at 9.30am	CSS
Alice Springs	Crowne Plaza	14 August at 2.00pm	PSS
Canberra	Rydges Lakeside	18 August 9.30am	PSS
Canberra	Rydges Lakeside	19 August 9.30am	PSSap
Canberra	Rydges Lakeside	20 August 9.30am	CSS

Contact details



Employer Help Desk

Email employer.help@comsuper.gov.au
 Phone 02 6272 9993
 Fax 02 6272 9816
 Web www.aria.gov.au
 (select Employer Centre)

At Work for You

Email atworkforemployers@aria.gov.au
 Phone 02 6263 6999