

# Employer quickguide

## 0% Member Contributions in the CSS and PSS

From 1 July 2008, members of the CSS and PSS will have the option to reduce their contribution rate to 0%.

From an employer point of view, it's important to understand that electing to pay a 0% contribution is not the same as not paying a contribution.

### Accrual of benefits

When the member elects 0%, employer benefits still accrue in the PSS and CSS. If the member is not permitted to make a contribution (e.g. leave without pay that does not count for superannuation purposes) then there is no accrual of benefits during the specified period.

The accrual of employer benefits is different in the CSS and PSS:

#### CSS

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

#### PSS

The benefit multiple for a member who elects to pay at 0% will be 0.11 per annum.

### Leave without pay less than twelve weeks

Contributions in the PSS and CSS remain payable during periods of leave without pay of less than 12 weeks.

Members can elect to reduce their contributions to 0% during these periods.

Maternity leave is the exception and a 0% contribution rate is not permitted.

### Leave without pay more than 12 weeks

Contributions are generally not payable for periods of leave without pay of more than 12 weeks.

However, there are some periods of leave without pay of more than 12 weeks where members must pay contributions and special arrangements apply.

They are:

- > 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.

## **PSS**

The member cannot elect for 0% contributions during these periods of leave without pay. The member must pay contributions of between 2% and 10%, even if they were paying 0% before starting the leave without pay.

If the member does not elect to vary their contribution rate, the employer should use the default rate of 5%.

If the member was paying 0% before the leave without pay, their contribution rate will go back to 0% when the period of leave finishes. There is no election required by the member. The member will accrue arrears for this period unless they make arrangements to pay contributions during the leave without pay.

## **CSS**

The member cannot elect for 0% contributions during these periods of leave without pay. The member must pay contributions of at least 5%, even if they were paying 0% before starting the leave without pay.

In the event that the member does not vary their contribution rate, the employer should use a default rate of 5%.

If the member was paying 0% before the leave without pay, the member's contribution rate will go back to 0% when the period of leave finishes. There is no election required by the member. The member will accrue arrears for this period unless they make arrangements to pay contributions during the leave without pay.

## **Maternity leave without pay where the member elects to pay**

Members of the PSS and CSS can not make 0% contributions whilst on maternity, parental or adoption leave without pay, even if they were paying 0% before the leave started. A member must pay between 2% to 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. There is no election required by the member.

## Members on compensation leave

There are particular rules for PSS members who are receiving compensation payments. The member is not permitted to pay member contributions on a reduced percentage rate at the time of receiving compensation payments. Employers must use the previous four paydays to determine the contribution rate payment.

The following table will assist you in determining the correct percentage rate.

| Examples – Contributions % Range Allowed on Compensation Leave |     |     |     |     |                 |
|--|-----|-----|-----|-----|-----------------|
| Contribution Due Days Before Leave                             |     |     |     |     | % Range allowed |
|  | 1st | 2nd | 3rd | 4th |                 |
| % Paid   | 7%  | 7%  | 8%  | 9%  | 5% to 10%       |
| % Paid   | 3%  | 6%  | 2%  | 3%  | 5% to 10%       |
| % Paid   | 2%  | 4%  | 3%  | 2%  | 4% to 10%       |
| % Paid   | 3%  | 0%  | 0%  | 0%  | 3% to 10%       |
| % Paid   | 0%  | 0%  | 0%  | 0%  | 2% to 10%       |

## Contributions from 1 July 2008 in the PSS

From 1 July 2008 members may elect the following contribution rates:

**PSS** – 0% or between 2 to 10% as a whole percentage rate

**CSS** – 0% or 5% any amount greater than 5% either as a percentage rate or fixed amount.

Generally, amounts above 5% in the CSS are supplementary contributions.

However, a member of the CSS who elects to pay 0% contributions can still make supplementary contributions (that is any amount above the 0%).

They must do this through direct BPAY payments to ComSuper and not through the payroll system.

BPAY is available through member services on-line. Members can receive an access number by phoning us on 1300 000 277.