

- **Pre-reduction allowances** are the total amount of allowances (apart from higher duties allowance) that were included in your employee's super salary immediately before the reduction⁶.

This means the base salary and any higher duties allowance included in your employee's super salary immediately before the reduction will be increased in line with AWOTE, but other allowances they were receiving will not.

Example: *Amanda is a PSS member. Her birthday is 6 November. At her 2018 salary review her super salary was \$110,530 p.a., consisting of a base salary of \$100,000 p.a., higher duties allowance totaling \$10,000 p.a. and a first aid allowance of \$530 p.a.*

On 31 January 2019, she stopped being paid the first aid allowance. At review, the salary maintenance calculation included:

- *Pre-reduction salary of \$110,000 (base salary plus higher duties allowance)*
- *Pre-reduction allowances of \$530*

This means that her maintained salary was:

$$\$110,000 \times \left(\frac{1633.80}{1586.20} \right) + \$530 = \$113,830$$

CSS and PSS (receiving a PIP)

For all CSS members, and for those PSS members receiving a PIP, the formula is:

$$(\text{pre reduction salary} + \text{pre reduction allowances}) \times \left(\frac{\text{AWOTE at Review}}{\text{AWOTE at Reduction}} \right)$$

This means any allowances that were included in your employee's salary immediately before the salary reduction will be increased in line with AWOTE along with their salary and higher duties allowance.

Example: *David is a CSS member. His birthday is 6 November. At his 2018 salary review his super salary was \$110,530 p.a., consisting of a base salary of \$100,000 p.a., higher duties allowance totaling \$10,000 p.a. and a first aid allowance of \$530 p.a.*

On 31 January 2019, he stopped being paid the first aid allowance. At review, the salary maintenance calculation included:

- *Pre-reduction salary of \$110,000 (base salary plus higher duties allowance)*
- *Pre-reduction allowances of \$530*

This means his maintained salary was:

$$(\$110,000 + \$530) \times \left(\frac{1633.80}{1586.20} \right) = \$113,846$$

⁶ See Qualifying Allowances above

Insurance salaries for PSSap members.

Eligible PSSap customers are offered lifePLUS insurance cover as part of their PSSap membership. This cover includes income protection insurance, as well as total and permanent disability and death cover.

From 1 April 2020, lifePLUS cover will be provided to eligible PSSap customers who opt in within 60 days of being offered the insurance. If the PSSap customer does not opt in, they must wait until they are over 25 years of age and their account balance is over \$6,000 before being offered insurance on an opt out basis.

If they opt in, they'll be put into the default cover, known as lifePLUS auto. If they wish to customise their insurance cover, they'll need to complete a full insurance application. If the insurer approves the application the PSSap customer's cover will change to lifePLUS choice.

The level of income protection offered to PSSap customers and the associated insurance premiums are calculated using the individual's insurance salary. This is the amount on which their pay is based when on full time sick leave.

For customers with lifePLUS auto, insurance salaries are reported to us in your pay file (also known as a SAFFE) through Super Stream. It is important that you provide us with the correct insurance salary when your employee joins your agency, and that you update it each time it changes. You don't need to wait for your employee's birthday to update their insurance salary, even if their contributions are based on FCS.

If you don't provide us with an insurance salary, a default salary of \$47,000 will be applied to your employee's account. The amount payable to a person with an accepted income protection claim is calculated based on the lesser of their actual salary for insurance at the relevant time and the insurance salary advised to us. This means that incorrectly reporting (or not reporting) insurance salaries can result in an employee receiving less than they expect if they need to make a claim.

Customers with lifePLUS choice cover are responsible for updating their own insurance salaries. It's just as important that they notify us of any changes to their earnings for the same reasons above.

Insurance salary is not relevant to CSS and PSS members.

Example: *Ben is a PSSap customer with lifePLUS auto cover whose contributions are based on FCS. His base salary is \$100,000 p.a., which is also the amount his salary payments would be based on if he were to go on full-time sick leave. Shortly after his birthday, he gets a promotion which increases his base salary to \$120,000 p.a.*

As his contributions are based on FCS, his super contributions would continue to be based on a salary of \$100,000 until his next birthday. Despite this, his employer would report through a new insurance salary of \$120,000 p.a. on the first pay day after his promotion.

More information about insurance in PSSap can be found in the "insurance and your PSSap super" document available at csc.gov.au


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