



# Employer quickguide

## 0% Member contributions in 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 period of leave without pay was originally approved for less than 12 weeks and then it was extended beyond 12 weeks, the rate between 2 to 10% must be paid from the original date the leave commenced.

If the member does not elect to pay a contribution rate between 2% and 10%, the employer should set the member's contribution rate to 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. If the period of leave without pay was originally approved for less than 12 weeks and then it was extended beyond 12 weeks, the 5% rate must be paid from the original date the leave commenced.

In the event that the member does not elect to pay contributions at the 5% rate, the employer should set the member's contribution rate to the 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 cannot 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%

A **CSS** member on compensation leave cannot elect for 0% contribution during this period, if it exceeds 12 weeks. The member must pay contributions of at least 5%, even if they were paying 0% before starting the leave. This 5% rate is from the original date the leave commenced.

In the event that the member does not vary their contribution rate, the employer should set the member’s contribution rate to the default rate of 5%.

If the member was paying 0% before the leave commenced, 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 this period.

0% contributions are permitted for periods of less than 12 weeks.

## 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 their chosen scheme and not through the payroll system.

BPAY is available through member services online. Members can receive an access number by phoning the PSS on **1300 000 377** or CSS on **1300 000 277**.

## Abolition of Upper Age Limit from 1 July 2013 in the CSS and PSS

Changes to legislation now allow for the accrual of employer benefits for members over 75 years of age from 1 July 2013. This is not a retrospective change.

CSS and PSS members are already able to pay member contributions and accrue employer benefits up to age 75. They will now accrue employer benefits, including productivity, past age 75; however they are still unable to make member contributions.



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