



Employer quickguide

FCS and OTE

This quick guide highlights some of the key differences between the two methods of super salary calculation in PSSap—Fortnightly Contribution Salary (FCS) and Ordinary Time Earnings (OTE). These super salary calculation methods are used to determine the amount of super contributions you are required to make on your employee’s behalf.

This guide is a general summary only and has been prepared without taking account of your, or your employees’ individual circumstances. You should consider the relevant legislation and information provided by the Australian Taxation Office when administering super on behalf of your employees.

This guide doesn’t cover the rules as they apply to casual employees.

	FCS	OTE
What is it?	Fortnightly Contribution Salary—the same salary calculation method as used in PSS.	Ordinary Time Earnings—your employee’s earnings for ordinary hours of work (excluding overtime) in the previous pay period.
When is this method used?	FCS is the default method of salary calculation in PSSap, and it must be used unless OTE is specified in a relative determination or agreement	OTE is used where it is specified in a relevant determination or agreement—such as an enterprise agreement, remuneration tribunal determination, or individual agreement.
Are allowances included?	Some allowances like first aid allowance and community language allowance (known as ‘automatic allowances’) will be included in an employee’s salary from their next birthday. Others (known as ‘qualifying allowances’) will be included from the first birthday after an employee has received the allowance for a minimum period 12 months.	Generally yes, however you should check guidance from the Australian Taxation Office. The ATO website has a useful checklist to help you determine what should and shouldn’t be included in OTE



**Commonwealth
 Superannuation
 Corporation**

The information provided in this guide is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation and needs. Before making any decision in relation to a scheme referred to in this guide, you should obtain a copy of the relevant Product Disclosure Statement (PDS) for that scheme.

Commonwealth Superannuation Corporation (CSC) ABN: 48 882 817 243, AFSL: 238069, RSEL: L0001397

Defence Force Retirement and Death Benefits Scheme
 ABN: 39 798 362 763

Australian Defence Force Superannuation
 ABN: 90 302 247 344
 RSE: R1077063

Commonwealth Superannuation Scheme
 ABN: 19 415 776 361
 RSE: R1004649

Public Sector Superannuation accumulation plan
 ABN: 65 127 917 725
 RSE: R1004601

Military Superannuation and Benefits Scheme
 ABN: 50 925 523 120
 RSE: R1000306

Australian Defence Force Cover
 ABN: 64 250 674 722

Public Sector Superannuation Scheme
 ABN: 74 172 177 893
 RSE: R1004595

1922 Scheme DFRB Scheme PNG Scheme DFSPB
 CSC retirement income

When do employer contribution amounts change?	Contribution amounts generally only change once per year on the employee's birthday. For example if your employee receives a pay increase, their contributions will not increase until their next birthday.	Contribution amounts change any time your employee's OTE changes. For example, if your employee receives a pay increase, their contributions will increase at the next payday
What happens if an employee's salary decreases?	Under salary maintenance rules, an employee's super salary generally cannot decrease. If your employee has a salary reduction, their super salary will still increase each year in line with Average Weekly Ordinary Time Earnings (known as AWOTE).	Contribution amounts will change any time your employee's OTE changes. If your employee has a salary reduction, their contributions will decrease on the next payday.
Are contributions payable while on miscellaneous unpaid leave?	Yes, contributions must be paid for periods of miscellaneous unpaid leave of 12 weeks or less. Contributions don't need to be paid for periods of more than 12 weeks unless specified through a relevant determination or agreement—such as an enterprise agreement, remuneration tribunal determination, or individual agreement.	No, contributions don't generally need to be paid for periods of miscellaneous unpaid leave.
Are contributions payable while on sick leave without pay?	Yes, contributions must be paid for any period of sick leave without pay, regardless of the length.	No, contributions don't need to be paid for periods of sick leave without pay.
Are contributions payable while on maternity or parental leave?	Yes, contributions must be paid for any period of paid or unpaid maternity or parental leave, regardless of the length.	No, contributions don't need to be paid for periods of paid or unpaid maternity or parental leave unless specified through a relevant determination or agreement—such as an enterprise agreement, remuneration tribunal determination, or individual agreement.
Are contributions payable while on compensation leave?	Yes, contributions must be paid for any period of compensation leave without pay, regardless of the length.	No, contributions don't need to be paid for periods of compensation leave where the employee has not returned to work.
Who can help us understand our obligations?	We can! You can find information and resources on our website , explore employer training or contact us with any questions.	The Australian Tax Office has a number of resources to help you understand your obligations around OTE. Their ' super for employers ' website is a good place to start.

For more information about salary for super in PSSap, including how to calculate your employee's super salary, please head to our salary administration guide.
We provide training about the different salary calculation methods at no additional cost to employers. For more information contact us at employer.training@csc.gov.au



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