



Employer quick guide

Applying for a CSS partial invalidity pension

About this guide

Under the *Superannuation Act 1976*, Commonwealth Superannuation Corporation (CSC) may approve payment of a partial invalidity pension (PIP) to eligible employees who are Commonwealth Superannuation Scheme (CSS) members under maximum retiring age who have incurred a permanent decrease in salary due to sickness or injury. Sections 77 and 78 of the *Superannuation Act 1976* outline the rules applicable to the payment of PIPs.

This guide aims to provide you with general information about PIPs, as well as the eligibility requirements an individual must meet before being approved for a PIP. This guide will also assist you in gathering evidence so you can present us with a comprehensive application.

What is a PIP?

A PIP is a pension paid to an eligible employee who is a CSS member and who has incurred a permanent decrease in salary due to sickness or injury. A PIP may also apply when an invalidity pensioner returns to work with an annual salary that is less than what they were receiving when they retired on invalidity grounds.

A PIP is a separate and additional benefit designed to assist sick or injured CSS members to remain at work in modified situations for as long as possible. Payments for a PIP are not deducted from any future super entitlements.

Eligibility

PIP may be paid if an employee:

- has been on an invalidity pension but has been re-employed and is receiving less salary than what they were receiving prior to invalidity retirement, or
- has not reached their maximum retiring age and has suffered a permanent decrease in annual salary due to sickness or injury. The person must have completed more than eight years of contributory service. If not, and a benefit classification certificate (BCC) is in force, the condition/s listed on the BCC must not be causing, substantially contributing to, or connected to the decrease in annual salary.

PIP may **not** be paid to employees who:

- are entitled to any compensation for the condition/s causing the decrease in salary, or
- have a BCC in force which lists the condition/s causing the decrease in annual salary. This will also apply if those conditions are substantially contributing or connected to the decrease in salary.



Employment status - formal reductions only

Before you submit the PIP application to us, you'll need to determine your employee's employment status. The different employment statuses are:

- **Redeployment** – the individual's substantive level has been permanently changed to a lower position
- **Reduction in hours** – the individual signs a part-time agreement or similar to permanently reduce their working hours and become a permanent part-time employee (PPTe).

Effect on contributions, future super benefits and leave

The table below shows the effect a PIP has on member, productivity (EPSC) and employer contributions and how your employee's future super benefit is calculated.

| | Redeployment | Reduction in hours |
|---|---|---|
| Member, EPSC and employer contributions | Paid at pre-reduction rate unless the member makes an election to have their post-reduction super salary recognised | Paid at a pro-rata rate to reflect part-time hours once the member qualifies as a 'partial contributor' |
| Future super benefits | Not affected - benefits are calculated using pre-reduction salary | Benefits are calculated using the pre-reduction salary. Contributory service will accrue at the reduced rate. If retiring on medical grounds and claiming an invalidity benefit, prospective service will be based on reduced hours |

The payment of a PIP doesn't affect a CSS member's leave accrual, but formal employment arrangements will. A PIP is payable for paid leave taken by your employee, except where the leave is taken at their pre-reduction rate.

Process

Making an application

To make an application, you need to complete the **PIP application form**, collate the relevant documentation and send the application to us via email or post. Bear in mind that an application can only be submitted after:

- all appropriate pre-application strategies (as listed below) have been attempted; and
- the required documents and reports have been obtained.

Pre-application strategies

Before applying for a PIP, we expect that you would explore all appropriate avenues to retain your employee in their usual role. Pre-application strategies could include:

- appropriate leave to allow adequate recovery time
- health assessments by relevant specialists
- any treatment or strategy recommended by specialists or others is undertaken
- workplace and daily living assessments
- functional capacity evaluations and vocational assessments
- counselling and employee assistance program
- neurological or psychological testing
- work conditioning and retraining
- attendance at a pain management programs
- graduated return to work programs and rehabilitation.

Documents required

The following documents are required to support a PIP application. Once all documents have been gathered, send your application to formsandapplications@csc.gov.au or via post to GPO Box 2252 Canberra ACT 2601.

Evidence of employment status

Your application must include evidence of the change to your employee's employment status as outlined below:

- **Redeployment** – the letter from your department/agency's delegate about the change to your employee's substantive level. Their acceptance of this change should also be included in your application
- **Reduction in hours** – the part-time agreement signed by your employee and your department/agency's delegate. If your department/agency no longer uses paper-based part-time agreements, you will need to provide a screenshot of your personnel system which displays all changes to your employee's hours and note this in your covering letter.

Leave history

Leave records should be provided for at least the period being applied for.

Duty statement

- **Redeployment** – If your employee has been redeployed, provide copies of the duty statements for both the former and new positions.
- **Reduction in hours** – If they have reduced their hours, provide a copy of the duty statement for their normal position.

If no duty statement exists, provide a description of the duties usually performed in the position. If your employee is not performing all duties of the position, provide a list of the duties not being performed with reasons for any inability or failure to perform.

Treating doctors reports

Provide any medical reports from treating doctors who are managing the condition/s relating to the PIP application. Most importantly, there must be a report from one of your employee's treating doctors that is dated within six months of your application and addresses the questions in the **medical officers' report checklist** found on our website.

Independent medical examiner's report

Your employee must be examined by an independent medical examiner who is suitably qualified in the field of the individual's medical conditions, no more than six months before the application is submitted. After the examination, the independent medical examiner must provide a report addressing the **medical officers' report checklist** found on our website.

Other reports

Any reports resulting from pre-application strategies attempted by your employee should also be included. For example, if rehabilitation has been attempted any reports from the provider should be included and should contain details of those attempts and the results. You're welcome to include any other reports to support your application.

Covering letter

The covering letter should include a brief summary of your department/agency's management of your employee's medical situation and your department/agency's position on the case. The covering letter should contain information that will not have been covered in other evidence from your application. If any relevant pre-application strategies were not attempted, it's important to note this and the reasons why.

Assessing the evidence

After receiving the application, we'll assess all the available information to establish whether a decision can be made about your employee's entitlement to a PIP. We may ask you to provide further information if we aren't satisfied that we have enough information to make a decision.

Our decision

We'll send a copy of our decision and reasons to both you and your employee. If approved, we'll also advise your employee of the PIP amount and the date that payments will begin. No matter the outcome, your employee will be provided with information on appealing the decision. They can request reconsideration by completing the **Application for Reconsideration of a Decision** form on our website.

Further information

The PIP amount

The PIP amount varies for each CSS member. Specific formulas are contained in sections 77 and 78 of the *Superannuation Act 1976*. We will calculate the applicable PIP amount depending on your employee's specific circumstances as advised by you.

Payment responsibility

We pay PIPs on a fortnightly basis directly to members. We'll deduct Pay As You Go (PAYG) income tax and issue associated income statements to the Australian Taxation Office (ATO) when appropriate.

Ceasing a PIP

A PIP must cease when:

- the person's decreased salary becomes equal to or greater than the salary before reduction, or
- the person is no longer a contributing CSS member.

PIP reviews

Your employee's PIP will be reviewed each year at their birthday, which is when we'll determine whether the PIP rate should continue or be varied. To assist us with our review, we'll ask you to provide your employee's updated reduced salary.

If there are any other changes to your employee's pre-reduction or reduced salaries, let us know as soon as possible so we can determine whether there is a change to the PIP rate. This is particularly important to avoid overpayments.

Changes to your employee's health

You must submit a new application if your employee experiences a change to their health which is not compensable and results in a further reduction to their salary. The evidence required for this application is the same as if you are initially applying for a PIP. No changes will be made to the PIP rate unless the application is approved.



Email
employer.service@csc.gov.au



Phone
1300 338 240



Fax
(02) 6275 7010



Post
Employer Service
GPO Box 2252
Canberra ACT 2601



Web
csc.gov.au



Overseas Callers
+61 2 6275 7000



PIP – frequently asked questions for CSS customers

What is a partial invalidity pension (PIP)?

A PIP is a pension paid to an eligible employee who is a CSS member and has incurred a permanent decrease in salary connected to sickness or injury.

Am I eligible to a PIP?

You may be eligible for a PIP if your salary has permanently decreased because you have been redeployed to a lower position or have reduced your hours, or a combination of both, for medical reasons. Alternatively, if you were an invalidity pensioner but have been re-employed and are receiving less salary than you would have been receiving had you not invalidity retired, you may be eligible for a PIP.

Who is not eligible?

You will not be eligible to a PIP if you:

- are an eligible employee with less than eight years of contributory service and a benefit classification certificate (BCC) is in force which lists the condition/s causing, substantially contributing to, or connected to the decrease in salary
- have reached maximum retiring age
- are entitled to compensation for the condition causing the decrease.

How do I apply for a PIP?

Approach your rehabilitation case manager or similar to begin the process. They will arrange the necessary medical examinations and collect medical reports for your application. You must complete part of the PIP application form. Your employer will complete the remaining parts of the form and provide it to us along with:

- evidence of any pre-application strategies you have attempted, whether successful or not
- the document that changed your working arrangements, such as a redeployment letter or part-time agreement
- your leave history for the relevant period
- your duty statement or a description of your duties.

Most importantly, your application must include a medical report from your treating doctor and a report from an independent medical examiner both of which must address the **medical officers' report checklist** found on our website. These reports cannot be more than six months old. Any other reports should be provided as background material.

What is paid and how is it paid?

Your PIP is calculated based on a specified formula that considers your pre-reduction salary and your reduced salary. The PIP is not equivalent to the whole amount of the salary loss. A PIP will be paid by us directly to you fortnightly on pension paydays. We will deduct Pay As You Go (PAYG) income tax and issue associated income statements to the Australian Taxation Office (ATO) when appropriate.



What is the effect on my contributions?

If you've been redeployed, your contributions will continue at the pre-reduction rate unless you elect to have your post-reduction super salary recognised.

If you've reduced your hours, your contributions will continue at the pre-reduction rate until you qualify as a 'partial contributor', which is when your contributions will be paid at a pro-rata rate to reflect your part-time hours.

What is the effect on my future benefits?

If you've been redeployed, there is no change to your future benefits as your future benefits will be calculated using your pre-reduction salary.

If you've reduced your hours, your future benefits will be calculated using your pre-reduction salary, but your contributory service will accrue at the reduced rate. If you are retired on invalidity grounds, the prospective service applied to your benefit will be calculated based on your reduced hours.

What is the effect on my leave?

The payment of a PIP doesn't affect your leave accrual, but formal employment arrangements (e.g. part-time hours) will. Your PIP will be paid when you take leave, except when your leave is paid at your pre-reduction salary.

Will I have to be reviewed?

We'll review your PIP each year at your birthday or at other times if advised by your employer. We can also review your PIP if you experience a change to your health that results in a further reduction to your salary. Your employer will need to submit a new PIP application with relevant medical evidence from your treating doctor and an independent medical examiner.

When is a PIP varied?

When we review your PIP each year at your birthday, we ask your employer to provide us with your updated salary. This will determine whether your PIP rate should continue or be varied.

Your employer will contact us any other time that your salary changes, such as when you have qualified for higher duties or another allowance for super salary purposes. We'll recover any overpayments from you.

When does a PIP cease?

Your PIP will cease when your reduced salary is equal to or greater than your pre-reduction salary or when you're no longer a contributing CSS member.



How can I get more information?

EMAIL members@css.gov.au

PHONE 1300 000 277

FAX (02) 6275 7010

MAIL CSS
GPO Box 2252,
Canberra ACT 2601

WEB csc.gov.au



Email
employer.service@csc.gov.au



Phone
1300 338 240



Fax
(02) 6275 7010



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GPO Box 2252
Canberra ACT 2601



Web
csc.gov.au



Overseas Callers
+61 2 6275 7000