



Employer quick guide

Applying for a PSS partial invalidity pension

About this guide

Under the **Public Sector Superannuation Scheme (PSS) Trust Deed**, Commonwealth Superannuation Corporation (CSC) may approve payment of a partial invalidity pension (PIP) to eligible PSS customers under maximum retiring age who have incurred a permanent decrease in salary due to sickness or injury. PSS Trust Deed from Rules 10.5.1 to 10.5.18 Part 10, Division 5, outlines 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 customer of PSS who has incurred a permanent decrease in salary due to sickness or injury. A loss of recognised allowances for medical reasons may also attract a PIP. A PIP may also apply in circumstances where an invalidity pensioner returns to work in a position where their annual salary is less than the equivalent of the annual salary they received when they retired on invalidity grounds.

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

Eligibility

PIP may be paid if an employee:

- has been on an invalidity pension but re-joins the workforce at reduced hours and/or at a lower level or position due to sickness or injury, and therefore receives a salary that is less than their pre-retirement salary. The pre-retirement salary will be updated to current figures for the purpose of this comparison, and recognised allowances will be included.
- is a regular member and has suffered a permanent decrease in basic salary and/or loss of a recognised allowance because they are working reduced hours, have been redeployed to a lower level or position, or a combination of both. This decrease must be attributed to sickness or injury.

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

- casual members, or re-employed invalidity pensioners who were casual members at the time of their retirement.
- limited benefits members (LBM), or PSS customers who would have been LBM if they had not failed to disclose medical evidence on entry or re-entry to the scheme.
- PSS customers who are receiving any compensation for the condition which is causing the decrease in salary. Compensation includes regular on-going payments or one-off lump sums received from any source.
- PSS customers applying for a PIP based on a formal reduction in hours and who have reached their maximum retiring age. Individuals receiving PIP before their maximum retiring age will continue their entitlement when they reach that age.



Employment status - formal and informal

Before you submit the PIP application to us, you will need to determine your employee's employment status. This is so we can make a decision on their eligibility under the correct legislative provision. The different employment statuses are:

- **Formal redeployment** - the individual's substantive level has been permanently changed to a lower position
- **Informal redeployment** - the individual is permanently but not officially redeployed to a lower position
- **Formal 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)
- **Informal reduction in hours** - the individual remains a full-time employee, but informal arrangements are made to work reduced hours on a permanent basis.

Effect on employment status

The employment status of the individual applying for PIP must be decided prior to submitting the PIP application so we can make our decision under the correct legislative provision. The employment status is to be negotiated between you and your employee. We have no involvement in the choice of status. Your employee's employment status will impact their contributions, future benefits and leave.

Formal redeployment

- Contributions - PSS customers pay contributions based on the decreased salary from the next birthday after their PIP is approved. Employer and productivity contributions continue to be paid based on the updated higher salary.
- Future benefits - there is no change to the accrual of the PSS customer's total equity as their future benefits will be calculated using the updated higher salary and pre-reduction multiple.
- Leave - there is no change to the PSS customer's leave accrual. If your employee takes leave paid at the lower level, the PIP is payable.

Informal redeployment

- Contributions - employer, productivity and member contributions are paid based on the PSS customer's higher salary.
- Future benefits - there is no change to the PSS customer's future benefit accrual. Their benefit will be calculated using the updated higher salary and pre-reduction multiple.
- Leave - there is no change to the PSS customer's leave accrual. PIP cannot be paid while using leave paid at their previous higher level as there's no loss in salary.

Formal reduction in hours

- Contributions - PSS customers pay contributions based on their decreased hours from the next birthday after PIP is approved. Employer and productivity contributions continue to be paid based on the updated higher salary.
- Future benefits - there is no change to the accrual of the PSS customer's total equity, and their future benefits will be calculated using the updated pre-reduction salary and pre-reduction multiple. This is a special circumstance for individuals receiving a PIP and does not apply to reductions in hours not for medical reasons.
- Leave - PSS customers will begin to accrue leave at the part-time rate from the date of effect of their part-time agreement. PIP is payable when taking leave paid at the part-time rate as there's a loss in salary. Sick leave accrued previously at the full-time rate must be disbursed at the part-time rate and PIP continues to be paid during that leave. Other leave accrued at the full-time rate can be disbursed according to your direction. If it is taken at the full-time rate, the PIP must cease for the duration of that leave. If disbursed at the part-time rate, your employee is still suffering a decrease in salary so the PIP is payable.

Informal reduction in hours

- Contributions - PSS customers pay the rate of contributions applicable to the updated pre-reduction salary, even though they are not in receipt of that salary. Employer and productivity contributions continue to be paid based on the updated higher salary.
- Future benefits - there is no change to the PSS customer's future benefit accrual. Benefits will be calculated using the updated pre-reduction salary and pre-reduction multiple.
- Leave - there is no change to the PSS customer's leave accrual. PIP cannot be paid while taking leave at the pre-reduction rate as there's no loss in salary, nor is the PIP paid on public holidays.

Reduction from part-time to part-time

Employees who are PPTs and then reduce their hours for health reasons can sign a new part-time agreement or informally reduce their hours to be eligible for PIP. The PIP will be based on the loss between their previous part-time hours and the new reduced hours. The effects on the contributions, future benefits and leave accrual and disbursement are determined by the individual's employment status applicable to the reduction for health reasons.

Effect on contributions, future benefits and leave

The table below provides a summary of the effect a PIP has on member, productivity (EPSC) and employer liability contributions the way in which the PSS customer's future superannuation benefit is calculated.

	Formal redeployment	Informal redeployment	Formal reduction in hours	Informal reduction in hours
Member contributions	Reduced to lower salary on next birthday	No change	Part-time contributions paid from next birthday	No change
EPSC and employer contributions	Paid at pre-reduction salary	Paid at pre-reduction salary	Paid at pre-reduction salary	Paid at pre-reduction salary
Future benefits	Not affected - benefits are calculated using pre-reduction salary	No change	Not affected - benefits are calculated using pre-reduction salary	No change

The payment of a PIP does not affect a PSS customer's leave accrual.

A PIP is payable for paid leave taken by PSS customers under formal arrangements (e.g. formal redeployment or formal reduction in hours), except where the leave is taken at their prereduction rate.

A PIP is not payable for paid leave taken by PSS customers under informal arrangements.

Graduated return to work (GRTW)

A PIP is generally not payable to a person on a GRTW program until their modified situation becomes permanent. However, if they had not been able to progress their return to work beyond a certain point while undertaking the GRTW program, a PIP may be considered from that time.

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:

- providing appropriate leave to allow adequate recovery time
- facilitating health assessments by relevant specialists
- ensuring any treatment or strategy recommended by specialists or others is undertaken
- facilitating workplace and daily living assessments
- arranging functional capacity evaluations and vocational assessments
- providing counselling and employee assistance program
- facilitating neurological or psychological testing
- providing work conditioning and retraining
- encouraging attendance at a pain management programs
- supporting 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 regarding employment status

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

- **Formal redeployment** - the letter from your agency's delegate regarding the change to your employee's substantive level. Their acceptance of this change should also be included in your application.
- **Informal redeployment** - a delegate's instrument signed by your agency's delegate outlining the change to your employee's level. The delegate's instrument can be found on our website. Your employee's acceptance of this change should also be included in your application.
- **Formal reduction in hours** - the part-time agreement signed by your employee and your agency's delegate. If your 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 the individual's hours and note this on your covering letter.
- **Informal reduction in hours** - a delegate's instrument signed by your agency's delegate outlining the change to the individual's hours. The delegate's instrument can be found on our website. Your employee's acceptance of this change should also be included in your application.

If your employee was on higher duties, ensure you include information about the duration of the higher duties, the reasons for being on higher duties, and the higher duties and substantive salaries.

Leave history

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

Duty statement

If your employee has been redeployed, provide copies of the duty statements for both the former and new positions. 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, a report must be provided from one of your employee's treating doctors that is dated within six months of your application and addresses the questions in the **doctor's 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 officer's 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 are welcome to also include any other reports you feel will support your application.

Covering letter

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

Partial invalidity pension application form

The form enables us to correctly identify who your application is about and provides us with your contact details. It also provides us with important information about your employee's employment status as well as the previous and reduced hours and/or level. Your employee must read the Frequently Asked Questions section found on page 8 of this document carefully before signing and dating the declaration on the application form.

The case manager applying for the PIP on behalf of the PSS customer must sign the declaration in **Section E** of the application form

Assessing the evidence

After receiving the application, we will 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 are not satisfied that we have enough information to make a decision.

Our decision

If we have enough information to make a decision on the application for a PIP, we will write to both you and our customer to let you know once a decision is made. A copy of our decision will be given to both you and your employee, with reasons for our decision included.

If we approve the application, we will also advise you of the initial amount of PIP and the formula to use for any future adjustments to the PIP. It is important that your payroll area is given a copy of our approval letter with the information regarding the initial amount of PIP so they can begin paying the PIP.

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 PSS customer. Specific formulas are contained in the PSS Trust Deed at Part 10, Division 5. We will calculate the correct PIP amount depending on the customer's specific circumstances as advised to us by you.

Increasing the PIP amount

There are some circumstances where you may be able to adjust the amount of PIP without our prior approval, such as when a pay rise occurs or your employee begins receiving a recognised allowance. In all other circumstances, you must submit a request to us for a review of your employee's entitlement. For information on PIP reviews, refer to our quick guide for **Reviewing a PSS partial invalidity pension**.

Start date for PIPs

A PIP will be granted from the date we are satisfied that the individual began to incur a permanent loss of salary due to a medical condition. For example, this may be the date of effect of a part-time agreement which establishes a permanent pattern of hours. For individuals who do not sign part-time agreements, the start date for PIP may be the day of the reduction - there's no need for all sick leave credits to have been exhausted before the PIP can be approved. It's then up to you to decide when the PIP becomes payable, and you may wish to consider your enterprise agreements, policies or similar for guidance. For individuals who are redeployed, the start date for PIP is most often the date of redeployment at a reduced level.

Ceasing a PIP

A PIP must cease when:

- the person's basic salary and recognised allowances equal or exceed the basic salary and recognised allowances applicable prior to the person qualifying for the PIP
- the medical condition/s no longer impact the person's work capacity
- the person ceases their PSS membership
- the person subsequently becomes entitled to compensation payments for the same condition that has caused the decrease in salary.

PIPs may be suspended when your employee takes leave without pay-that is not sick leave without pay-and for any periods of fully paid leave. We may need to stop a PIP if a PSS customer fails to complete a step in the PIP process, for example if they cannot provide medical evidence as requested, or if they fail to attend or continue a program of rehabilitation. We will let you know that you need to stop the PIP if this happens.



Employer Service Desk contact details:

Phone: 1300 338 240

Fax: (02) 6275 7010

Email: employer.service@csc.gov.au

PIP Frequently asked questions

What is a partial invalidity pension (PIP)?

A PIP is a pension paid to an eligible PSS customer who has incurred a permanent decrease in salary attributable to sickness or injury. A loss of recognised allowances for medical reasons may also attract a PIP.

Am I eligible to a PIP?

You may be eligible to a PIP if your salary has been 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 to a PIP.

Who is not eligible?

You will not be eligible to a PIP if you are:

- a casual member or a re-employed invalidity pensioner who was a casual member at retirement
- a limited benefits member or an individual who would have been a limited benefits member had you not failed to disclose medical information on your Confidential Medical and Personal Statement (CMAPS) form
- entitled to receive, have received or are currently receiving (at the time of application) compensation for the condition causing the decrease
- applying for a PIP based on a formal reduction in hours (explained below) and have reached your maximum retiring age.

How do I apply for a PIP?

Approach your rehabilitation case manager or similar to begin the process of applying for a PIP. They will arrange the necessary medical examinations and collect medical reports for your application. You must sign the declaration on the partial invalidity pension application form. Your employer will then complete all other parts of the SPP 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, and advice about any current higher duties
- 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 doctor's report checklists found on our website. These reports cannot be more than six months old. Any other reports should be provided as background material.

I am reducing my hours. Should I sign a permanent part-time agreement?

It is not necessary for you to sign a part-time agreement to be eligible for a PIP. However, your choice of employment status may affect your contributions, future benefits and leave accrual and disbursement. This is something you must negotiate with your employer prior to submitting your application so that we can make a decision under the correct legislative provision.

What are the different employment statuses?

To be eligible for a PIP, you must have incurred a reduction in your hours and/or level due to medical reasons. This reduction must be permanent. The following describes the employment statuses available:

- formal redeployment – your substantive level has been permanently changed to a lower position
- informal redeployment – you are permanently but not officially redeployed to a lower position
- formal reduction in hours – you sign a part-time agreement to permanently reduce your working hours and become a permanent part-time employee (PPTE)
- informal reduction in hours – you remain a full-time employee but informal arrangements are made to work reduced hours on a permanent basis.

What is the effect on my contributions?

The effect on contributions differs according to your employment status. Employer and productivity contributions continue to be paid as if you had not reduced your hours and/or level. Member contributions are affected accordingly:

- formal redeployment or reduction in hours - you pay contributions based on your decreased salary or hours from the next birthday after the PIP is approved
- informal redeployment or reduction in hours - you continue to pay contributions based on your previous higher salary or hours.

What is the effect on my future benefits?

Your future benefits are determined using a multiple calculated as if you had not reduced your hours and/or level and an updated previous salary. This is the case even if you formally reduce your hours as your future benefits are calculated as if you had continued to work at your previous hours using the previous multiple and updated previous salary. This is a special circumstance for employees in receipt of a PIP and is not the case where the reduction in hours was not attributed to medical reasons.

What is the effect on my leave?

Much like your contributions, your leave accrual and disbursement is impacted differently according to your employment status. The principle to be applied is that you can't be paid a PIP when you are receiving full pay because you are not incurring a loss in salary.

- formal redeployment - there is no change to the accrual of your leave entitlements and PIP will continue to be paid while you are taking leave. PIP will be halved when taking leave at half pay
- informal redeployment - there is no change to the accrual of your leave entitlements and PIP will cease when any paid leave is taken and on public holidays
- formal reduction in hours - you will accrue leave at the part-time rate after signing your part-time agreement. Your PIP will continue to be paid while you are on leave including any periods where sick leave is used. If your employer allows you to take annual or other leave accrued before commencing PIP at your previous rate, e.g. at the full-time rate, you will not receive PIP for that period
- informal reduction in hours - you will accrue leave at your previous rate, therefore no PIP is payable while taking paid leave and on public holidays.
- The impact on your leave accrual may vary depending on your employment conditions, please talk to your employer to find out more.

Will I have to be reviewed?

You may be medically reviewed on an ad hoc basis to determine whether your entitlement to a PIP should continue or be varied. If your work situation is unchanged at the time of review, you will not be required to attend a medical assessment. You or your employer may initiate a review at any time if you feel that your medical condition has improved or deteriorated. If a doctor recommends further changes to your working arrangements which would result in a further decrease in salary, your employer must obtain approval from us prior to making any variations to the payment of your PIP.

What is paid and how is it paid?

Your PIP is calculated based on a specified formula that considers your previous higher salary and your decreased salary. The PIP is not equivalent to the whole amount of the salary loss. A PIP will be paid by your employer through their payroll system. The amount of a PIP is not deducted from your superannuation entitlements.

When is a PIP varied?

Your PIP can be adjusted if your current or former salaries change because of pay rises, increment changes, promotions, higher duties or when an allowance accepted as salary for superannuation purposes is applied. Your employer will make adjustments to your PIP where appropriate. Your PIP may also be varied if your medical condition improves or deteriorates.

When does a PIP cease?

Your PIP will cease if your decreased salary becomes equal to or greater than your updated previous salary, your medical circumstances no longer apply, you cease to be a PSS customer, or you become entitled to compensation for the same medical condition/s. Your PIP will be suspended when you take leave without pay that is not sick leave without pay. Your PIP will be stopped if you refuse to undertake a review or attend rehabilitation when requested by us.

How can I get more information?

EMAIL members@pss.gov.au

PHONE 1300 000 377

FAX (02) 6275 7010

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GPO Box 2252,
Canberra ACT 2601

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