



Training notes – CSS

Permanent part-time membership



**Commonwealth
 Superannuation
 Corporation**

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 ABN: 90 302 247 344
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 ABN: 19 415 776 361
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 ABN: 65 127 917 725
 RSE: R1004601

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Permanent part–time membership

Aims and objectives

- These training notes are a tool that helps employers gain an understanding of the administration of superannuation for part–time members of the Commonwealth Superannuation Scheme (CSS).

These notes are not a substitute for the *Superannuation Act 1976* or associated Regulations.

Approved part-time employees

The only members of CSS who may work less than the full-time hours, are members who are approved part-time employees.

Approved part-time employees are **permanent ongoing staff** whose employment conditions allow the working of part-time hours on a permanent basis. For APS employees, the basis for permanent part-time work is an industrial award, but for other organisations the approval may exist within the normal terms and conditions of service.

Part-time Statutory Office Holders may also be considered approved part-time employees.

From 5 December 1999 staff employed under the *Public Service Act 1999* must be **ongoing employees** before they may be approved to become part-time members of CSS.

Note: CSS only has provisions for permanent part-time staff. Temporary part-time staff CANNOT be members of CSS.

Partial contributors

The contributions and benefits under CSS for approved part-time employees do not change until these members become partial contributors.

Approved part-time members become partial contributors if one of the following circumstances applies:

1. ***They were approved part-time employees from commencement.***
2. ***They have worked approved part-time hours continuously for more than twelve months.***

This continuity will only be broken if the member returns to approved full-time hours. If this were to occur for even a short period, then the continuity will be broken. This could happen if members are required to perform short-term higher duties in a full-time position.

Continuity is not broken merely because members are being paid full salary while taking leave that accrued to them while they were full-time. In such circumstances, the approved hours of duty are still the part-time hours.

3. **A "Certificate in respect of continuity as a part-time employee" (S542) has been signed stating that they are likely to be part-time for more than twelve months.**

As such declarations have the effect of immediately reducing the benefits and prospective benefits of members, they should not be signed unless there is no doubt that the period of part-time employment will be in excess of twelve months.

The **S542** is effective from the date the Delegate signs the form. It has no retrospective effect. Therefore if the Delegate signs the certificate 12 months after commencing part-time, or at a later date, the certificate has no effect on the date that the member became a partial contributor.

4. **Members, who became partial contributors in one of the circumstances outlined above, have returned to approved full-time hours but have not yet completed twelve months full-time employment.**

This means members do not lose their partial contributor status as soon as they return to full-time work. A ratio must be calculated at the first birthday after returning to full-time as the change is treated as just another change in hours.

If, after returning to full-time employment, they again return to part-time hours within twelve months, it is treated as another change in hours. Their benefits and contributions will be affected as they are still partial contributors.

Advising us

1. You must report full time hours until the member becomes a partial contributor

This includes the first birthday after commencing part-time if no likelihood certificate is signed. Refer to Example 2 on page 8.

2. Your first advice to us is the date the member becomes a partial contributor.

This information is used for contributory service purposes and calculating the correct ratio at the next anniversary.

This notification should be forwarded via email to your agency contact.

The date of effect must be the date the delegate signed the S542 likelihood certificate or the date that is twelve months after commencing part-time hours. The part-time hours to be reported are the approved part-time hours at the date the member became a partial contributor.

The employment status and hours should not be changed in the Payroll Interface File or the contribution grid in Employer Services Online until the member's birthday. For further information on data reporting of CSS part-timers please refer to the **Payroll Interface File Specifications**.

3. You must complete an S551 and forward it to us along with the S542 if applicable.

Keep a copy of the forms on the members personnel file for future reference and for internal auditing requirements.

4. After being deemed a partial contributor you must report any change in hours via email.

The date of effect is the date the member changed hours. If the member has reverted back to full time hours you should report this as another hour change. If the member then changes back to part-time hours within 12 months the new part-time hours must be reported.

5. You must complete an S551 every time a member changes hours and forward it to us.

A copy should be retained on the member's personnel file.

6. You should also advise any change in full-time hours for your agency e.g. from 73.5 hours to 75 hours

If this situation occurs and it applies to CSS part-time employees, the change should be taken into account when calculating the next anniversary ratio.

7. You must calculate a ratio at each anniversary from the birthday following partial contributor status until the anniversary following the date the member completes 12 months at full-time hours.

Superannuation salary

The superannuation salary, both for benefits and contribution purposes, is the full-time salary for the position occupied. Allowances are recognised in the normal way.

The amount of shift penalties to be recognised has to be converted to the full-time equivalent and this is covered in detail in CSS shift allowance training notes.

Contributions

Once members become partial contributors they are unable to maintain full-time contributions (i.e. from the following anniversary) and benefits.

Some members believe that it is reasonable for them to maintain full-time contributions and receive full-time benefits. What they do not realise, is that the productivity and a large proportion of the remainder of their benefit is funded by their employer. It is not equitable for the employer to pay the same superannuation benefit to part-time staff as they do to full-time staff, just as it is not reasonable for them to receive the same leave entitlements.

If members are partial contributors from commencement in the scheme, their contributions are adjusted to the part-time rate immediately.

Example

A member is recruited to an ongoing part-time position with full-time hours of 73.5 per fortnight, part-time hours of 40 per fortnight and a salary of \$36,000.

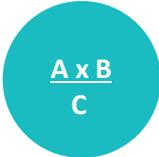
The full-time superannuation contribution is calculated first (\$69.30) and this is then reduced by the ratio of part-time hours to full-time hours,

$$\text{\$69.30} \times 40 / 73.5 = \text{\$37.80}$$

Note that to arrive at the 5% contribution, the amount is rounded twice.

Where a member becomes a partial contributor by virtue of twelve months part-time service or the signing of an **S542**, contributions are adjusted from the **birthday immediately following** their achieving partial contributor status.

The formula for calculating the basic 5% contribution is:


$$\frac{A \times B}{C}$$

where

A = the 5% contribution which would be payable by the members if they worked on a full-time basis.

B = the hours worked for superannuation purposes in the twelve months since the last birthday or since commencement if the member is new. Any period up until the member became a partial contributor is counted as full-time hours for superannuation purposes, even though the member may in fact have been working approved part-time hours. Hours worked also includes the hours which would have been worked had members not been on leave, regardless of whether this was paid or unpaid.

C = the standard full-time hours for the position. This is determined by taking the number of working days in the period (generally 261 but may be 260 or 262) and multiplying it by the full-time hours for the position. There may be occasions where the standard full-time hours for the position have been varied during the period in question and this will need to be taken into account in determining the total full-time hours.

Example 1

An ongoing full-time member is given approval to work part-time for two years from 17 August 2000 the delegate signs an **S542** on 21 September 2000.

The member is working 50 hours per fortnight (5 hours per day), in a position with standard hours of 76.

On the birthday on 23 February 2001, the full-time superannuation salary is \$36,511.

$$A = \$36,511 / 26 \times 5\% = \mathbf{\$70.30}$$

$$\begin{aligned} B &= 150 \text{ working days (23.2.98 to 20.9.98)} \times 7.6 &&= 1,140 \text{ hours,} \\ &\text{plus} \\ &111 \text{ working days (21.9.98 to 22.2.99)} \times 5 &&= \underline{555 \text{ hours}} \\ &&&= \mathbf{1,695 \text{ hours}} \end{aligned}$$

$$C = 261 \text{ days} \times 7.6 \text{ hours} = \mathbf{1,983.60 \text{ hours}}$$

$$\text{Contribution} = \$70.30 \times 1,695 / 1,983.60 = \mathbf{\$60.10 \text{ per fortnight}}$$

$$\text{Ratio at Anniversary} = 76 \times 1,695 / 1,983.60 = 64.94 \text{ hrs.} = 64 \text{ hrs. } 56 \text{ mins}$$

Example 2

A full time ongoing member converted to part-time on 20 July 2000 working 60 hours per fortnight in a position the standard hours of which are 73.5.

In November 2000 the part-time hours are varied to 50 per fortnight and are varied again to 55 per fortnight from 25 October 2001.

The superannuation salary on the birthday on 25 January 2001 is \$34,598 and on the next birthday is \$36,754.

Birthday 1 – 25 January 2001

The member has not been part-time for more than twelve months by the first birthday on 25 January 2001 and is therefore not a partial contributor. Contributions will continue to be paid at the full-time rate of \$66.60.

Birthday 2 – 25 January 2002

The member became a partial contributor on 20 July 2001 and contributions on the next birthday will therefore be reduced.

$$A = \$36,754 / 26 \times 5\% = \mathbf{\$70.70}$$

$$\begin{aligned} B &= 126 \text{ working days (25.1.98 to 19.7.98)} \times 7.35 \text{ hours} &&= 926.10 \text{ hours} \\ &69 \text{ working days (20.7.98 to 24.10.98)} \times 5 \text{ hours} &&= 345 \text{ hours} \\ &66 \text{ working days (25.10.98 to 24.1.99)} \times 5.5 \text{ hours} &&= \underline{363 \text{ hours}} \\ &&&= \mathbf{1,634.10 \text{ hours}} \end{aligned}$$

$$C = 7.35 \text{ hours} \times 261 \text{ days} = \mathbf{1,918.35 \text{ hours}}$$

$$\text{Contribution} = \$70.70 \times 1,634.10 / 1,918.35 = \mathbf{\$60.30 \text{ per fortnight}}$$

$$\text{Ratio at Anniversary} = 73.5 \times 1,634.10 / 1,918.35 = 62.609 \text{ hrs.} = 62 \text{ hrs. } 36 \text{ mins}$$

Example 3

Where a PPTe reverts to full-time after several years.

Case details:

Full-time salary on 3.8.01:	\$29,990
Birthday:	3.8.98
PPT hours since last birthday:	36 hours per fortnight
Reverts to full-time on:	2.11.98
Full-time hours:	73.5 hours per fortnight

$$A = \$29,990 / 26 \times 5\% = \mathbf{\$57.70}$$

$$\begin{aligned} B &= 65 \text{ days (3.8.98 to 1.11.98)} \times 3.6 \text{ hrs.} &&= 234 \text{ hours} \\ 196 \text{ days (2.11.2001 to 2.8.2002)} \times 7.35 \text{ hrs.} &&&= 1,440.6 \text{ hours} \\ &&&= \mathbf{1,674.6 \text{ hours}} \end{aligned}$$

$$C = 7.35 \text{ hours} \times 261 \text{ days} = \mathbf{1,918.35 \text{ hours}}$$

$$\text{Contribution} = \$57.70 \times 1,674.6 / 1,918.35 = \mathbf{\$50.40 \text{ per fortnight}}$$

$$\text{Ratio at Anniversary} = 73.5 \times 1,674.6 / 1,918.35 = 64.16 \text{ hrs.} = 64 \text{ hrs. } 10 \text{ mins}$$

NOTE: You should be aware that the ratio is also used for the payment of your EPSC and employer contribution rates.

Supplementary contributions

If members elect to pay at a rate other than 5%, the basic 5% contribution is calculated as indicated in the previous section, and the amount arrived at is divided by 5 and multiplied by the chosen contribution rate.

Example

In Example 3 above, the 5% contribution arrived at is \$50.40 per fortnight. If the member actually wanted to pay 9%, this would be arrived at by dividing \$50.40 by 5 and multiplying by 9. The answer of \$90.72 is not rounded again.

Benefits

Employer pension benefits in the CSS are determined using age, final salary and length of contributory service.

Age is clearly not affected by members becoming partial contributors, and the salary for benefit determination remains the full-time equivalent.

Therefore, it is the treatment of length of contributory service which results in a reduction in pension entitlements for partial contributors.

A full-time member is credited with the calendar days in the period of membership, excluding periods of leave without pay during which contributions are not payable. For partial contributors however, the length of service reflects the hours actually worked, and again excludes any periods of leave during which contributions are not payable.

Note: this is why it is so important for you to report the correct date that the member becomes a partial contributor and any change in part-time hours or period of reverting back to full time hours. Future pension benefits are calculated on this information.

Example

A partial contributor is working half the normal hours of duty for a twelve-month period. They will be credited with only six months superannuation service for this time.

This method protects any benefits already accrued at the full-time rate and also provides benefits commensurate with hours worked while the member is a partial contributor.

The period of service that would be credited to the members shown in the examples on calculation of contributions, would be as follows:

Example 1

Where an S542 signed before 12 months permanent part-time completed.

$1 \text{ year} \times 1,695 \text{ hours} / 1,983.6 = 0.8545 \text{ years}$

Example 2

Where permanent part-time hours changed several times between birthdays.

Birthday 1 = full-time

Birthday 2 = $1 \text{ year} \times 1,634.1 \text{ hours} / 1,918.35 \text{ hours} = 0.8518 \text{ years}$

Example 3

Where a permanent part-time employee reverts to full-time.

$1 \text{ year} \times 1,674.6 \text{ hours} / 1,918.35 \text{ hours} = 0.8729 \text{ years}$

EPSC benefits

EPSC is calculated on the ratio of part-time hours to full-time hours worked for superannuation purposes in the previous twelve months. Therefore if the ratio reported at the anniversary is incorrect the EPSC contribution payment will also be incorrect

Invalidity retirement

Where members retire on invalidity grounds, it is generally necessary to determine the amount of service the members would have accrued had they worked until age 65. In making this calculation for partial contributors, it is assumed that they would have continued to work until retirement at the **approved hours of duty for them on their last day of service.**

Partial contributors in receipt of a Partial Invalidity Pension

Benefits and contributions for members, who are partial contributors for medical reasons, are calculated in the same way as for other partial contributors.

Members should be made aware of this if they are considering converting to part-time employment for medical reasons. As a number of these members have degenerative conditions that will ultimately lead to their invalidity retirement, they may jeopardise their future retirement benefits by formally converting to part-time rather than taking sick leave for the hours they are unable to work.

Important points to remember

- Contributions do not change until the birthday following the member becoming a partial contributor, **not** the birthday after the member commences part-time hours. This is a common problem that results in members owing large arrears.
- Members must be permanent on-going employees, before being eligible to continue membership if they work part-time.
- Contributions do not revert back to full-time contributions until the anniversary after completing twelve months at full-time hours.
- Members cannot opt to pay full-time contributions after the anniversary following a change to partial contributors.
- The form **S551** must be sent to us when a member becomes a partial contributor and every time they change hours. The form **S542** must be sent to us with the **S551** if the likelihood certificate is signed in regard to the member becoming a partial contributor.
- If an **S542** is signed by the Delegate prior to the member completing twelve months of part-time hours the form must be forwarded to us and a copy must be retained on the members personnel file.
- Forms **S551** and **S542** are available on the Employer Administration Centre website at: eac.csc.gov.au/publications/forms/

For more information

Please refer to the Employer Administration Centre at eac.csc.gov.au

Case study of superannuation adjustments for permanent/ongoing part-time staff

Case history

Mary Smith was a permanent/ongoing clerical worker whose standard hours of duty were 73.5 per fortnight.

For family reasons, she sought approval to work part-time for 50 hours per fortnight. She was given approval to work these hours from 15 May 2003.

Mary continued to work part-time at the same hours until 25 June 2006, when she needed to reduce her hours to 30 per fortnight.

She successfully sought to resume full-time from 30 May 2007.

Her birthday is 6 February and she has elected to contribute at 5%. Her superannuation salaries on each birthday in the above period are as follows:

2003	\$24,735
2004	\$25,493
2005	\$27,391
2006	\$27,883
2007	\$28,354
2008	\$29,005
2009	\$29,687

Birthday 1 – 6 February 2003

On this birthday Ms. Smith is a full-time permanent/ongoing member with a salary for superannuation purposes of \$24,735.

Her contribution will be $\$24,735 / 26 \times 5\%$ (or $\$24,735 / 520$) = **\$47.60**

Most pay systems will correctly determine contributions on this birthday.

Birthday 2 – 6 February 2004



Although Ms. Smith has converted to part-time employment prior to Birthday 2, she has not become a partial contributor. Her hours for superannuation purposes are therefore still considered to be full-time.

Her contributions will be calculated in the normal way, $\$25493 / 520$ = **\$49.10**

Your pay system may however, automatically reduce the contributions by the following ratio:



This will result in contributions being **incorrectly deducted** at \$33.40 per fortnight ($\$49.10 \times 50 / 73.5$).

In the appropriate payday, you will need to advise us of the full-time hours for the member's position.

Birthday 3 – 6 February 2005



On 15.5.04, Ms. Smith has become a partial contributor. From that date, her hours for superannuation purposes are the hours she actually works. Prior to this date, she is still considered to be full-time.

The hours she has worked in these 12 months will therefore be calculated as follows:

06.02.04 to 14.05.04 – 70 days x 7.35	=	514.50 hours
15.05.04 to 05.02.05 – 190 days x 5	=	<u>950.00 hours</u>
		1,464.50 hours

As the full-time hours for the relevant period would have been 1911, her contribution will be as follows:

$$(\$27,391 / 520 \text{ rounded up}) \times 1,464.50 \text{ 1911} = \mathbf{\$40.40}$$

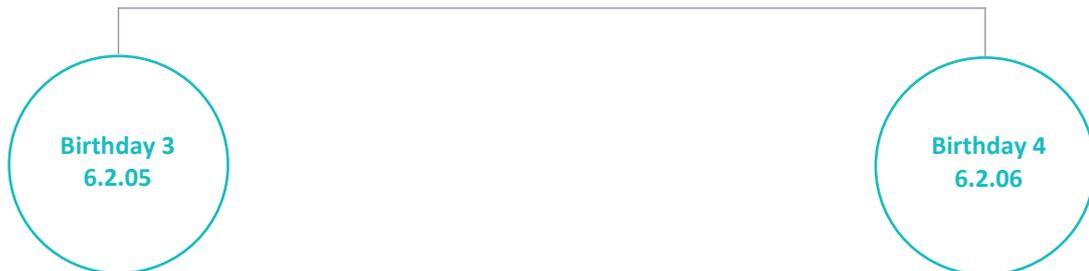
Again, your pay system may calculate the superannuation using the hours recorded against the hours for which she is being paid, which will be 50 hours per fortnight.

On the appropriate payday, you will need to advise us of the correct hours, with the hours to be reported calculated as follows:



$$73.5 \times \frac{1,464.50}{1,911.00} = 56 \text{ hours } 20 \text{ minutes}$$

Birthday 4 – 6 February 2006



As Ms. Smith has made no changes to her hours in these twelve months, her contributions will simply be calculated as follows:

$$(\$27,883 / 520 \text{ rounded up}) \times \frac{50}{73.50} = \$36.60$$

As the superannuation hours on this birthday are the same as the hours for which Ms. Smith is being paid, your pay system should have calculated contributions and productivity correctly, and therefore no adjustments are necessary.

Birthday 5 – 6 February 2007



As Ms. Smith varied her hours during the year, it will be necessary to calculate the hours she worked compared to full-time hours.

06.02.06 to 24.06.06 – 100 days x 5	= 500 hours
25.06.06 to 05.02.07 – 162 days x 3	= <u>486 hours</u>
	986 hours

The full-time hours for the same period would have been 1,925.70, therefore her contributions should be as follows:

$(\$28,354 / 520 \text{ rounded up}) \times 986 / 1,925.70 = \mathbf{\$28.00}$

Again your pay system may have calculated the contributions using the hours recorded for salary purposes, which on this birthday will be 30 per fortnight.

On the appropriate payday, you will need to advise us of the correct hours, with the hours to be reported calculated as follows:



$$73.5 \times \frac{986.50}{1,925.70} = 37.63 \text{ (37 hours 38 minutes)}$$

Birthday 6 – 6 February 2008



During this year, Ms. Smith varied her hours to full-time. She will remain a partial contributor until she has worked full-time continuously for twelve months. However, as a partial contributor, her contributions will be based on the hours she has actually worked in the year.

06.02.07 to 29.05.07 – 81 days x 3 = 243 hours
30.05.07 to 05.02.08 – 180 days x 7.35 = 1323 hours
1,566 hours

The full-time hours for the same period would have been 1,918.35, therefore her contributions should be as follows:

$(\$29,005 / 520 \text{ rounded up}) \times 1,566) 1918.35 = \mathbf{\$45.60}$

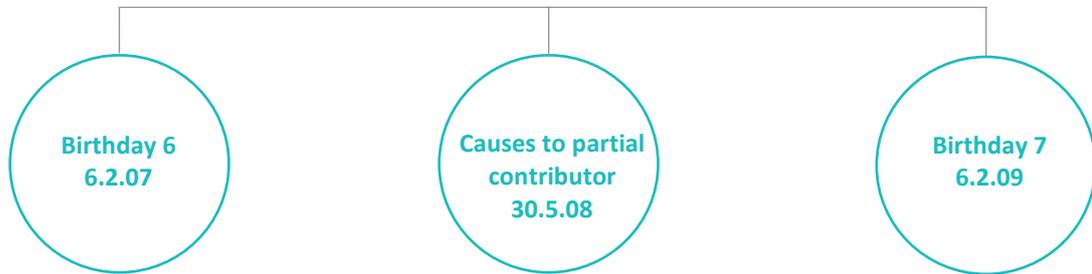
Once again your pay system may calculate the contributions using the hours recorded for salary purposes, which on this birthday will be the full-time hours.

On the appropriate payday, you will need to advise us of the correct hours with the hours to be recorded calculated as follows:



$$73.5 \times \frac{1566}{1,918.35} = 60 \text{ hours}$$

Birthday 7 – 6 February 2009



Although Ms. Smith only loses her partial contributor status on 30 May 2008, the period prior to that is counted for contribution purposes as full-time. For this period, she is a partial contributor and therefore, the hours she actually works will determine her contribution rate as follows:

$(\$29,687 / 520 \text{ rounded up}) = \mathbf{\$57.10}$

As the hours for superannuation purposes on this birthday are the same as the hours for which Ms. Smith is being paid, your pay system should have correctly calculated contributions and productivity, and no adjustment will be necessary



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