



# Training notes–PSS

## Membership of PSS



**Commonwealth  
 Superannuation  
 Corporation**

The information provided in this form 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. You may wish to consult a licensed financial advisor. You should obtain a copy of the relevant Product Disclosure Statement (PDS) and consider its contents before making any decision regarding your super.

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

# Contents

- PSS Membership ..... 3
- Membership of PSS From 1 July 2005 ..... 4
- PSS Members opting out of fund 1 July 2008 ..... 6
- Multiple Memberships ..... 7
- Date of Effect of Membership ..... 7
- Membership From Age 65 to 75 ..... 8
- Membership From Age 75 from 1 July 2007 ..... 8
- What do you need to do from 1 July 2013 ..... 9
- Cessation of Membership (other than members aged 65 – 75 who do not meet the  
SIS gainfully employed test) ..... 9
- Agency’s Responsibilities In Regards To Benefit Applications ..... 10
- Unclaimed Benefits ..... 10

## PSS Membership

*It is important that all new members of PSS or PSS members who re-enter PSS must be provided with a copy of the PSS Product Disclosure Statement (PDS) or a link to the website where this document can be downloaded. The member must also be provided with a CMAPS form.*

*Also to ensure that new temporary employees receive advice in regard to their eligibility to join PSS agencies should provide such employees with a PSS PDS and CMAPS form on commencement of employment. If they then elect to join PSS they already have the information that is a requirement under the SIS regulations.*

## Membership of PSS From 1 July 2005

### Compulsory for:

All **new permanent/ongoing employees** of the **Commonwealth or an Approved Authority** who join in any of the following circumstances on or after 1 July 2005:

- have a preserved benefit in PSS
  - were a PSS invalidity pensioner immediately prior to the appointment
- or
- are a CSS or a PSS contributor and are commencing a second concurrent permanent full or part-time employment. (*Note: a CSS member cannot have two CSS memberships however a PSS member may have two or more concurrent memberships Refer Multiple Memberships*).

All **statutory office holders** and **temporary employees** who either:

- have a preserved PSS benefit from a previous period of employment
- or
- were a PSS invalidity pensioner prior to commencing and have been declared fit to resume by the Board,
- and
- who recommenced in the **same statutory office or position** which they previously held.

### PSS Membership is Optional for:

All **new temporary/non-ongoing employees** of the **Commonwealth or an Approved Authority** who join in any of the following circumstances on or after 1 July 2005:

- have a preserved benefit in PSS
  - current contract commenced prior to 1 July 2005
  - are temporary part-time and have a link to CSS for these members PSS is the default fund from 1 July 2006
  - were on a PSS invalidity pension immediately prior to commencement
- or
- are a CSS or PSS contributor and are commencing a second concurrent temporary/non-ongoing full or part-time employment.

*(see the following note)*

*(Note: A CSS member cannot have concurrent memberships, however, a PSS member may have two or more concurrent memberships at one time. Refer to Multiple Memberships page 7.)*

**Statutory office holders.** These people need serve no qualifying period to be eligible to join.

However **temporary employees** must satisfy at least **one** of the following criteria to be eligible to join PSS unless they default to PSS unless they default to PSS under choice legislation:

- are employed under a contract of at least three months duration
  - have at least three months Commonwealth/Approved Authority employment in the last two years. This may have been as a permanent officer, temporary employee or a statutory office holder
- or
- have an intention to pay a transfer value into the scheme from another superannuation scheme, other than CSS.

## Election Form

If joining PSS is optional, to take up membership employees must complete the form **Election to Become a Member (SE4)**.

If they have more than one employment, a separate election form has to be completed in respect of each employment for which they require membership.

They are able to complete an election form even if they do not qualify for membership. Such an election would only become effective, however, when the qualifying requirements are met. For example, a person may have been offered a contract for one month – an election to join could be made immediately, but he/she would only become a member if the contract was extended to a total employment period of at least three months. If a member defaults to PSS through choice legislation these rules do not apply.

### Not available to:

- persons from 1 July 2008 who elect to cease their membership in PSS (opting out see below).
- persons who are members of CSS in respect of their particular employment
- persons who are on paid leave from the Defence Force schemes. These employees are generally on paid leave, such as long service leave or resettlement leave, when they commence employment. Membership of PSS may commence on ceasing membership with the Defence Force scheme. A member of the Defence Force schemes who is on LWOP from the Defence Forces may become members of PSS.
- persons to whom the *Judges' Pensions Act 1968* applies.
- persons who:
  - i) have a deferred benefit from CSS
  - ii) were, immediately before commencing, on an invalidity pension from CSS
  - iii) are **re-employed former contributors with preserved rights**.

Where these members are employed in other than a permanent or full-time capacity, they are ineligible for CSS membership and may join PSS.

Those referred to in (i) and (iii) above may elect to transfer to PSS within three months of rejoining CSS. Those referred to in (ii) may only transfer to PSS if they retired on invalidity grounds prior to 31 August 1996.

## PSS Members opting out of fund 1 July 2008

From 1 July 2008 members of PSS will be able to opt out of their membership of PSS.

PSS members who opt out will opt out of all memberships (including concurrent memberships and previous memberships) of PSS. When a member opts out of PSS they will not be permitted to re-join PSS.

When a member leaves PSS they will be required to fill in the form **PSS Election to Cease Membership**. The employer will also be required to fill in part of this form and fax the entire form to Employer Services immediately on its completion.

The following options are available for a PSS member opting out of fund:

- For members who work for an Employer who is a participating Employer with PSSap members, the member must first become a member of PSSap.
- For members whose Employer is not a participating Employer for the purposes of PSSap, the member can opt out to a complying fund.

For a valid election to leave PSS the member must be a contributing member and not be on leave without pay not to count as service or a preserved member with no current employment in PSS. There is more information available in the Employer Administration Centre at **[csc.gov.au](http://csc.gov.au)**

## Multiple Memberships

Persons, who have a number of eligible employments simultaneously, may elect to join in respect of each one. However, each is treated as a separate membership and has its own AGS Number and commencement salary.

Where the employments are consecutive and one ceases, an election may be made to transfer benefits to one of the remaining memberships.

PSS members who opt out of fund will opt out of all memberships they have in PSS and will not be permitted membership in PSS for future employment.

### **Requirement of Tax File Numbers from 1 July 2007**

*From 1 July 2007, if a member of PSS does not provide their Tax File Number (TFN) to their superannuation fund, then that fund cannot accept any member contributions until such time as the TFN is provided. Also, any employer contributions paid will be subject to taxation at the government's top marginal tax rate.*

*With the introduction of the government's plan to simplify and streamline superannuation, from 1 July 2007, if a member of PSSap, PSS or CSS does not provide their TFN to their superannuation fund, then that fund cannot accept any member contributions until such time as the TFN is provided. Also, any employer contributions paid will be subject to taxation at the member's top marginal tax rate.*

*Please note that the legislation does not make it mandatory for a member to provide their TFN but there are significant implications if a valid TFN is not provided.*

*Further information on the changes and the Tax Laws Amendment (Simplified Superannuation) Act 2007 can be obtained from the Department of Treasury website [treasury.gov.au](http://treasury.gov.au)*

*Simplified Superannuation is now referred to as: Better Super*

## Date of Effect of Membership

For permanent officers the date of effect is the later of the date of appointment or the date of commencement.

For those who are compelled to rejoin because of earlier invalidity retirement, or by virtue of a preserved benefit from an earlier period of service, the date of effect is the date of commencement.

For those who elect to join, it will generally be the date they make the election. However, if a member does not qualify at the time of election, it will be the date the qualifying requirements were met.

## Membership From Age 65 to 75

### Current rules as at 1 January 2006

The Superannuation Industry (Supervision) (SIS) legislation permits payment of personal contributions to a superannuation fund by members from 65 to 75 if they have worked at least 40 hours in a consecutive 30 day period at least once in the financial year.

The PSS Rules, however, provide that personal contributions are not mandatory for members between 70 and 75 and no employer benefits accrue after age 70.

#### Summary:

##### Age 65 to 70

- PSS members aged of 65 to 70 must contribute to the Fund if they are working at least 40 hours in a consecutive 30 day period at least once in the financial year – this includes any other gainful employment. Normal benefits (including employer benefits) will accrue.
- If the member is not entitled to pay contributions because they do not meet the work test no benefits (including employer benefits) will accrue.

##### Age 70 – 75

- PSS members aged of 70 to 75 may elect to contribute (i.e. personal contributions are not mandatory) provided they are working at least 40 hours in a consecutive 30 day period at least once in the financial year – this includes any other employment. If the member is between age 70 and 75 and elects to pay personal contributions, he/she will not be entitled to accrue any employer benefits during this time.
- Agencies will continue to report birthday reviews for these members and member contributions will continue if the member has elected to pay.
- Employers must not pay productivity contributions on their behalf.
- Employers continue to pay Employer Superannuation Contributions (PAYG) as Employer Superannuation Contributions are payable in respect of members for the entire period of their membership.
- If the member does not satisfy the work test of 40 hours over 30 consecutive days of gainful employment they must not contribute but will remain members of the scheme until they cease from that employment.

## Membership From Age 75 from 1 July 2007

Members aged 75 and over must cease paying member contributions (if they have elected under the age 70 to 75 rule) but remain members of the scheme until they cease employment.

Employers **must not** pay productivity contributions on their behalf.

- Employers continue to pay Employer Superannuation Contributions (PAYG) as Employer Superannuation Contributions are payable in respect of members for the entire period of their membership.

## What do you need to do from 1 July 2013?

### For members aged 75 and over:

All CSS and PSS members who are aged 75 years or over at 1 July 2013 must have their contribution rate changed to 0% with an effective date of 1 July 2013. This will need to be done via your data submission to us. You do not need to change the effective date for members already reported as being 0%. Those members who reach age 75 after that date, must have their contribution rate changed to 0% with the effective date being their birthday date. This will need to be done via your data submission to us. You do not need to change the effective date for members already reported as being 0%.

EPSC contributions must be paid for all CSS and PSS members who are aged 75 or over as at 1 July 2013. EPSC will be paid based on the usual published rates available on the Employer Administration Centre website. Please note, these changes are not retrospective to the member's 75th birthday and will be effective from the first payday of the new financial year, 4 July 2013.

## Cessation of Membership (other than members aged 65 – 75 who do not meet the SIS gainfully employed test)

Membership will cease when the member ceases to be employed by the Commonwealth or an Approved Authority in the employment to which the membership relates.

*Section 12 of the Superannuation Act 1990* serves to prevent members from ceasing, claiming a benefit and recommencing again within a short space of time. In such cases the membership may be considered not to have ceased.

**In cases where further employment has been arranged prior to ceasing the first period of employment, even with a break, contributions are not payable by either the employer or employee during the gap but membership is deemed not to have ceased and the same AGS No is to be used. To ensure membership continuity leave without pay should be recorded for the duration of the period when no contributions are being made.**

Casual employees are not considered to have ceased until 26 consecutive **contribution days** (excluding those on which members were on leave and not permitted to make contributions) have passed since they made their last contribution.

If casuals recommence the same employment before 26 contribution days have passed, they will re-activate their previous membership. Same employment, as indicated earlier, is the same statutory office or same position.

If, however, they recommence in other employment, they will need to elect if they wish to be members of the scheme. This will be a new membership and members will be considered to have multiple memberships, as the previous membership will remain current until 26 contribution days have passed.

Where 26 contribution days have not passed since members made a contribution, benefits will only be paid if the members have reached age 65 or have certified that they will not be seeking further eligible employment within the next 26 fortnights.

PSS members who opt out of the fund are required to fill in the form **Election to cease PSS Membership**. This form is filled in by the employee and the employer and then submitted to us as soon as possible. When a member opts out of PSS they must be commenced in PSSap (where the employer is a participating employer for the purposes of this scheme). Administration arrangements with regards to the allocation of a PSSap membership and submission of your agency file is located in our Employer Administration Centre at [csc.gov.au](http://csc.gov.au)

## Agency's Responsibilities in Regards to Benefit Applications

Ultimately, it is the employer's responsibility to provide, follow up and obtain benefit application forms from their former PSS employees.

To ensure that the member receives the latest version of the benefit application forms the employer must print current forms from the PSS website.

## Unclaimed Benefits

Members of PSS who do not claim their benefits will have their benefit treated as unclaimed and processed with the appropriate default option.

If a PSS member who resigns does not complete a benefit application form within 21 days you should send us the **PSS Resignation – Departmental Report – SRD1–PSS** and other applicable information.

For all other cessations such as age retirement and retrenchment, the employer should follow up benefit application forms not returned to them. If not returned and you have written to the member at least once you should then send the Departmental Report, salary history, last known address, copy of signature and in the case of retrenchment and invalidity cessations the employer's Retirement Certificate, with a covering letter explaining your attempts to follow up with the member.

A copy of the member's signature is definitely required to verify at a later date that it is the former member who is claiming the benefit.

The last known address is required so that we may write to the member advising of the action that will be taken in regard to their benefit if they do not respond to CSC's correspondence.



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