



CSS PIP notes

Invalidity notes – procedure for CSS Partial Invalidity Pension (PIP)



**Commonwealth
Superannuation
Corporation**

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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
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1. Introduction

1.1 Decision maker and legislation

The *Superannuation Act 1976* provides that Commonwealth Superannuation Corporation (CSC) may approve payment of a Partial Invalidation Pension (PIP) in certain circumstances. The provisions for CSS PIPs can be found at sections 77 and 78 of the Act. comlaw.gov.au/Details/C2012C00332

1.2 CSC and Casework Services

CSC is responsible for the administration of the superannuation schemes available to Commonwealth and Military employees. We provide legislative and administrative advice and support to employers and members of the schemes.

Our Casework Services team conducts investigations into applications for invalidity retirement, pre-assessment payments and partial invalidity pensions. They also investigate members' medical status on entry to the schemes, entitlement to Additional Death and Invalidation Cover claims and determines any reductions for health reasons to the benefits payable on invalidity retirement or death.

1.3 What is the aim of this guide?

The information in this guide will enable you to correctly complete all forms and present comprehensive applications for the consideration of the Delegate.

2. All about CSS PIPs

2.1 CSS PIP

A CSS PIP is paid when a CSS member incurs a permanent decrease in salary because a non-compensable medical condition causes the member to be redeployed to a lower level or to work reduced hours, or a combination of both.

It is also payable in circumstances where an invalidity pensioner returns to work in a position where the annual salary is less than the equivalent of the annual salary the employee was receiving when he/she retired on invalidity grounds.

2.2 Important note: a separate benefit

CSS PIP is a separate supplementary benefit designed to assist ill or injured employees to remain at work in modified situations for as long as possible. It is not deducted from any future superannuation entitlements.

2.3 CSS PIP rate

CSS PIP is calculated as a percentage of the decrease in salary. The percentage payable corresponds to the standard CPI indexed pension which would have been payable had invalidity retirement occurred and will be 50% or more of benefit salary. The formula is: **A ÷ B (C-D)**

A – being the rate of Government Financed portion of the invalidity pension that would have been payable if the member had been retired on invalidity grounds on the day immediately preceding the reduction in salary.

B – being the salary for benefit purposes on which invalidity pension would have been based.

C – being the salary before the reduction in level/hours.

D – being the salary following the reduction in level/hours.

2.4 Effect of CSS PIP on contributions

If PIP is payable as a result of redeployment, contributions will continue at the rate paid prior to the decrease in salary and will remain at that rate until such time as current salary exceeds the salary prior to the reduction. Alternatively, members may elect to contribute at a reduced rate, based on the decreased salary.

If PIP is payable as a result of a reduction in hours, the applicant will have become a Permanent Part-time Employee (PPTTE). Contributions will therefore be reduced to reflect the lesser hours being worked, on the birthday 12 months after partial invalidity pension becomes payable.

2.5 Effect of CSS PIP on future benefits

The salary used in the calculation of future benefits will be the updated salary and allowances before reduction in level/hours.

However, in cases where the applicant has become a PPTE, they will be accruing fewer years of contributory service. Consequently future benefits will be reduced.

2.6 Important note: PPTE status and prospective service

If a PPTE subsequently retires on invalidity grounds, their prospective service (years from exit to retiring age) will be based on the part-time hours.

CSS members have access to financial advice through Industry Fund Services (IFS). To book call **1300 277 777** during business hours or visit csc.gov.au/advice to learn more.

2.7 Effect of CSS PIP on sick leave

If the employee is redeployed, there is no change to sick leave.

If the employee is PPTE, previous sick leave credits are maintained, but any sick leave taken is deducted from credits at the part-time rate. New accruals are granted at a part-time rate to reflect the PPTE status.

2.8 Effect of CSS PIP on annual/other leave

If the employee is redeployed, there is no change to annual leave.

If the employee converts to PPTE and has annual/LSL accrued at the full-time rate, it is normally disbursed at the part-time rate. However, if your workplace agreement allows for this leave to be taken as full pay leave, you should advise us so that PIP can be ceased for this period. PIP is not payable when this leave is taken as there is no reduction in income. Future annual leave accrues at the PT rate.

2.9 CSS PIP payment responsibilities

CSS PIP is paid by us on and from the date of effect of the salary decrease. The PIP is calculated on the basis of a 14 day fortnight and is paid on the alternate Thursday to normal salary paydays.

PIPs are paid by direct credit to an approved financial institution of the employee's choice.

We will deduct Pay As You Go (PAYG) income tax and issue associated group summaries.

2.10 CSS PIP – variations

Birthday reviews

Eligibility for continued payment of CSS PIP will be reviewed annually at the time of the employee's birthday.

Employers will be asked to provide updated part-time and notional salaries prior to the employer's birthday review of contribution rates, or whenever HDA or some other allowance is declared as salary for superannuation purposes. You do not need to report salary increases at any other time for PIP purposes.

These salary reviews must be conducted regularly to avoid the possibility of overpayments of PIP.

All overpayments must be repaid.

Further decreases in salary due to illness

In the event that the employee's salary is again reduced due to illness, a new application must be submitted to us with appropriate medical evidence and all relevant administrative paperwork.

Transfers to the PSS

CSS members in receipt of a PIP who transfer to PSS will not suffer a reduction in PIP.

If PSS PIP is calculated to be less than CSS PIP, they will continue to receive their usual rate of PIP that is the same rate as their CSS PIP.

If PSS PIP is calculated to be greater than their usual CSS rate, they will be paid the greater amount.

When a transfer to PSS occurs, we will cease CSS PIP payments and will advise the employer of their responsibility to pay the new PSS PIP and the rate of PIP payable.

2.11 CSS PIP – cessation

Partial invalidity pension will cease when the employee's annual salary becomes equal to or greater than the annual salary that applied before the decrease in salary occurred. For example, if they resume work at their former level or recommence full-time hours; or when the employee ceases to be a CSS member. CSS PIP does not cease at age 65 if all conditions are still met.

3. Eligibility

3.1 Persons eligible

An employee is eligible for partial pension if:

- he/she is a former invalidity pensioner and his/her current salary is less than the equivalent
 - of the annual salary at the time of invalidity retirement
- or
- he/she has not attained maximum retiring age (usually age 65)
- and
- he/she has suffered a permanent decrease in annual salary or has had a recognised salary allowance withdrawn
 - the Delegate is satisfied that the salary decrease is attributable to a physical or mental incapacity
 - he/she has completed at least eight years membership
 - or if less than eight years membership:
 - there is no Benefit Classification Certificate (BCC) in force
- or
- if a BCC is in force, the condition(s) specified on the BCC are not causing or are not connected to the condition(s) for which the employee is applying for a PIP.

3.2 Important note: formal reclassification of level or status

In CSS, the salary decrease must be a permanent decrease in annual salary. CSS members can only suffer a decrease in annual salary by either formal redeployment to a lower classification or formal classification as a PPT. They must sign an acceptance of formal classification to a lesser level, or a part-time contract classifying their employment status as permanent part-time.

3.3 Persons not eligible

An employee is not eligible for partial invalidity benefit if:

- he/she is receiving compensation payments for the condition causing partial incapacity (for PIP, private insurance or income protection is not counted as compensation)
- he/she has less than eight year's, membership and has a BCC in force which specifies the condition or a condition which is causing or substantially contributing to the condition causing the partial incapacity.

4. Lodging an application for PIP

4.1 Reappointed invalidity pensioners

No applications are required in these cases.

4.2 Documents required

When a deployment or reduction in hours has occurred, CSS is to be notified immediately so that assessment of eligibility for PIP can be undertaken. The documents required to support an application for CSS PIP for redeployed or reclassified employees are:

- **Departmental case summary**

The covering letter should contain a brief summary of the department's management of the employee's medical situation, with comments on the results of the actions taken.

- **CSS Partial invalidity pension (S2PI) form**

The applicant must read the **Explanatory notes** carefully, complete all relevant sections following the instructions on the form, and sign and date the declaration. Download the form from the CSS website at css.gov.au. The employer must fully complete the **Departmental report** and an authorised officer must complete and sign the **Certification by employer** section in the **S2PI** form.

- **Treating doctors and specialist reports**

Medical reports should be from treating doctors or specialists who are managing the conditions for which the employee is applying for PIP.

The reports should be up-to-date, not more than six months old and be the result of the most recent examination or consultation.

Reports should address all issues listed on the **Helpsheet at Section 4.3**.

Any earlier reports from these treating practitioners should also be included for background information.

- **Rehabilitation reports**

Reports from rehabilitation providers should include details of all rehabilitation or retraining attempts and the positive and negative results.

If no rehabilitation assistance was offered, reasons should be given.

- **Examining medical officer's report**

The medical examination for PIP applications must be conducted by an independent specialist who is not the employee's specialist, and who is suitably qualified in the field of the medical condition, or an Occupational Physician.

There is no official medical reporting form for PIPs (no **SM2**).

The medical examiner must address all issues listed in the Helpsheet at section 4.3.

The legislation does not specify that this medical examination must be conducted by an approved medical practitioner (AMP), however an AMP is often the best choice of provider because they are familiar with the medical criteria for PIPs and may be less expensive – they will charge you a set rate as specified on their contract with us.

The full list of AMPs and their contact details can be found at eac.csc.gov.au/your-responsibilities/invalidity/

- **Declaration or part-time contract**

If the employee was redeployed to a lower position, the appropriate departmental officer must sign a formal declaration to this effect. The declaration should also contain the employee's acceptance of the redeployment, their signature and the date.

If the employee changed their employment status to PPTe by reducing their working hours, the employer must provide a copy of the executed part-time contract. The contract should be fully completed, showing part-time hours, date of effect and reasons for the reduction in status to PPTe. The contract must be signed and dated by the appropriate departmental officer and the employee.

- **Sick leave history**

Sick leave records should be provided for the past two years or relevant period.

- **Duty statement**

Duty statement for the employee's current position. If no duty statement exists, a description of the duties usually performed in that position.

If the employee is not performing all the duties of the position, a list of those duties not being performed, with reasons for inability/failure to perform.

If the employee has been redeployed, include duty statements for both the former and new position.

4.3 Helpsheet

Helpsheet: points to be addressed by your doctor

Mr/Mrs/Ms _____ is undergoing this medical assessment as part of his/her application for a Partial Invalidity Pension (PIP).

Please address and elaborate on all the following points in your report:

- **history of the condition(s)**
 - date of first consultation
 - history as recorded in medical notes.
- **current symptoms/signs**
 - as described by the employee
 - as observed by you at presentation.
- **diagnosis**
 - including the severity of the condition
 - whether the condition is transitory or long term.
- **treatment**
 - current medications, physical therapy, psychotherapy and your comment on their effectiveness
 - your comments on the results of any tests conducted
 - a description of any additional treatment which you would recommend and your opinion about the likely results of those treatments.
- **prognosis**
 - normal course of this illness/disease/injury
 - expected outcome in this case.
- **effects of the condition(s) on the employee's ability to work**
 - confirm if the employee is capable of performing the duties of his/her usual occupation
 - the employee could perform his/her usual occupation if they modify their duties or if they reduce their working hours
 - if so, please recommend suitable duties or working hours and the spread of those hours over a working fortnight (e.g. Mon, Wed, Fri)
 - confirm if this modified situation (modified duties/reduced hours) is likely to be permanent.
- **additional information**
 - is the employee's medical condition in your opinion the only reason that their working conditions need modification, please explain further
 - what degree do any other factors impact on their work capacity (%)

Thank you.

4.4 Case presentation

Applications for CSS PIPs will be processed with fewer delays if you:

- preface all applications with a departmental covering letter containing a summary of the circumstances of the case
- present the fully completed S2PI application form as the first document in the submission. Our Records Management Group can then quickly identify the subject and forward the submission to the correct area
- present the evidence collated in chronological order – earliest to latest, not file order and not grouped in divisions such as specialists’ report, rehab reports, etc.
- present all copies of evidence in legible black print on white background, single sided, loose-leafed, held together by a bulldog clip – not stapled or bound in any other way
- do not annotate the evidence by numbers and do not use tabs unless you are drawing our Case Manager’s attention to a particular document referred to in your covering letter
- dispatch the case in an envelope clearly addressed to:

Casework Services
CSC
GPO Box 2252
Canberra ACT 2601

5. Summaries

5.1 Medical and administrative criteria

The main criterion for approval of CSS PIP is: permanent decrease in salary attributable to physical or mental incapacity. In other words, there are both medical and administrative criteria to be met before CSS PIP can be approved.

Medical evidence must indicate that the medical conditions causing partial incapacity are permanent and that suitably modified duties or hours are necessary because of the medical condition.

Administrative criteria require that the employee must be formally redeployed or formally reclassified to PPTe status.

Reappointed invalidity pensioners who re-enter on a lower salary than the updated rate of their salary before invalidity retirement have an automatic entitlement to CSS PIP. There is no application required.

Contributing eligible employees who incur a permanent decrease in salary because they were redeployed or reclassified as PPTe for health reasons may be entitled to CSS PIP if the Delegate is satisfied that they meet both the medical and administrative criteria.

Miscellaneous

CSS PIP is paid by us directly to the employee’s nominated account on pension paydays. Therefore no reimbursement arrangements with departments are required.

CSS PIPs must cease if the employee is granted compensation for the same condition.

CSS PIP ceases when the employee is on LWOP (except SLWOP), on reaching former salary, on exit from CSS, or when any full-time leave payments are made. Employers should notify us if these situations occur.

5.2 Summary of effects of CSS PIPs

On redeployment to lower level:

Contributions: contributions remain at the rate applicable to the annual salary unless the employee elects to contribute at the lower salary rate.

Benefits: future benefits will not be affected; they will be calculated on the higher salary.

Sick leave: no change.

Annual leave: no change.

On reclassification to PPTE:

Contributions: contributions will be reduced to the level applicable to the PT salary on the birthday 12 months after PIP became payable.

Benefits: future benefits will be calculated using the higher full-time salary, but years of contributory service will be less due to accrual at the PT rate. Prospective service will also be calculated on the PT rate.

Sick leave: sick leave will accrue at the PT rate from the date of effect of PPTE status. Sick leave previously accrued at the full-time rate is disbursed at the part-time rate.

Annual and other leave: annual and other leave will accrue at the PT rate from the date of effect of PPTE status. Annual and other leave previously accrued at the full-time rate should be disbursed according to the departmental workplace agreement. If the leave is granted on full pay, there is no PIP entitlement for that period.

6. Contact details

Post:

Casework Services
CSC
GPO Box 2252
Canberra ACT 2601

Telephone:

CSS: 1300 000 277

Fax:

02 6272 9815

Email:

caseworkservices@admin.csc.gov.au

Appendix A: handout for employees

Notes on CSS Partial Invalidation Pensions

Am I entitled to a CSS PIP?

If you are an invalidity pensioner returning to CSS membership and work in a position paying a lower salary than the current equivalent of your retirement salary, you will be automatically eligible for a CSS PIP.

You may be eligible for a CSS PIP if your superannuation salary has been permanently decreased because you have been redeployed to a lower position or you have reduced your hours and status by becoming a permanent part-time employee (PPTE), or both, for health reasons.

You must have been formally redeployed to a lower position or have formally reduced your hours by signing a part-time contract to change your employment status to PPTE.

Who is not entitled?

Eligible employees with less than eight years contributory service who have a condition specified in a BCC, which in our opinion, caused or substantially contributed to the condition causing the decrease in salary.

Employees who have reached maximum retiring age.

Employees who are receiving compensation payments in respect of the salary loss.

How do I apply for PIP?

- You must complete the Partial invalidity pension (S2PI) form which is available on the CSS website at css.gov.au
- You must complete and sign all sections and then forward to your department so that they may complete the Departmental Report.
- You must provide current medical reports, not more than six months old and resulting from your most recent examination by the doctor or specialist treating the conditions for which you are applying for CSS PIP. The reports must address the issues on the attached Helpsheets to substantiate your claim that the permanent decrease in salary was for medical reasons. If you have any other older reports, you should also provide these as background material.
- You must ask your department to provide a declaration of your redeployment or a copy of your part-time contract, or both, as relevant.
- Your department will arrange for you to be examined by an independent specialist who is qualified in the field of the conditions causing your application for CSS PIP.
- Please note that evidence obtained for the purpose of assessing an application for CSS PIP may be referred to any doctors or service providers who are asked to examine and/or provide a report about you.

What is paid?

CSS PIP is a percentage of the decrease in salary. The percentage payable corresponds to the percentage of Government financed invalidity pension that would have been payable had invalidity retirement occurred.

The formula is: $A \div B (C - D)$

A: being the rate of standard CPI indexed pension which would have been payable if you had been retired on invalidity grounds on the day immediately preceding the decrease in salary.

B: being the salary for benefit purposes on which invalidity pension would have been based.

C: being the salary before the reduction in level/hours.

D: being the salary following the reduction in level/hours.

What happens to my contributions?

If your CSS PIP is payable as a result of being redeployed, your contributions will continue at the rate paid prior to the decrease in salary. They will remain at that rate until such time as your current salary exceeds the salary prior to your reduction in level. Alternatively, you may elect to contribute at a reduced rate, based on your decreased salary.

If your CSS PIP is payable as a result of a reduction in hours, you will have become a permanent part-time employee (PPTE). Your contributions will therefore be reduced to reflect the lesser hours being worked, on the birthday 12 months after partial invalidity pension becomes payable.

What is the effect on my future benefits?

If you are receiving a CSS PIP because of redeployment for health reasons, there is no change to your future benefits as the salary used in the calculation will be the updated salary and allowances before your reduction in level unless you elect to contribute at a reduced rate, based on your decreased salary.

If you are receiving a CSS PIP for reducing your hours for health reasons, the salary used in the calculation of your future benefits will be your updated salary and allowances before your reduction in employment status to PPTE.

However, because you are PPTE you will be accruing fewer years of contributory service and this will impact on your future benefit. In addition, if you subsequently retire on invalidity grounds, the prospective service element of the calculation will be based on your part-time hours. For this reason, you are advised to ask your department for information about how much your future benefit would be affected before deciding to apply for CSS PIP.

What is the effect on my sick leave?

If you have been redeployed, there is no change to your sick leave accrual or disbursement.

If you are PPTE, your previous sick leave credits are maintained, but any sick leave you take after becoming PPTE is deducted from your credits at the part-time rate. Your new sick leave credits are granted at a part-time rate to reflect your PPTE status.

What is the effect on my annual/other leave?

If you have been redeployed, there is no change to your annual leave accrual or disbursement.

If you are PPTE, any annual or other leave which you accrued at the full-time rate will be disbursed according to your department's workplace agreement. If you take any of this leave at the full-time rate, your PIP is not payable for the period of this leave, as there is no decrease in income. Your annual/other leave once you are PPTE will accrue at the part-time rate.

How is the PIP paid?

Your CSS PIP is paid by us on and from the date of effect of your salary decrease. It is calculated on the basis of a 14 day fortnight and is paid on the alternate Thursday to normal salary paydays. We will deduct PAYG income tax and issue associated group summaries. Your CSS PIP will be paid by direct credit to the approved financial institution which you nominate.

When is the PIP varied?

Your eligibility for continued payment of CSS PIP will be reviewed annually on your birthday, or at any other time when your salary changes because of the granting of HDA or of a new allowance recognised for superannuation purposes.

If your health deteriorates and you wish to apply for an increase in CSS PIP, you will have to be examined again by an independent specialist and you will need to supply a new application, including new medical and administrative paperwork.

When is the PIP ceased?

Your CSS PIP will cease if your annual salary becomes equal to or greater than the annual salary that applied before the decrease in salary occurred or when you cease to be a CSS member. It does not cease at age 65 if all conditions are still met.

Helpsheet follows.

Helpsheet: points to be addressed by your doctor

Your patient, Mr/Mrs/Ms _____ is undergoing this medical assessment as part his/her application for a Partial Invalidation Pension (PIP).

Please address and elaborate on all the following points in your report:

- **history of the condition(s)**
 - date of first consultation
 - history as recorded in medical notes.
- **current symptoms/signs**
 - as described by the employee
 - as observed by you at presentation.
- **diagnosis**
 - including the severity of the condition
 - whether the condition is transitory or long term.
- **treatment**
 - current medications, physical therapy, psychotherapy and your comment on their effectiveness
 - your comments on the results of any tests conducted
 - a description of any additional treatment which you would recommend and your opinion about the likely results of those treatments.
- **prognosis**
 - normal course of this illness/disease/injury
 - expected outcome in this case.
- **effects of the condition(s) on the employee's ability to work**
 - confirm if the employee is capable of performing the duties of his/her usual occupation
 - the employee could perform his/her usual occupation if they modify their duties or if they reduce their working hours
 - if so, please recommend suitable duties or working hours and the spread of those hours over a working fortnight (e.g. Mon, Wed, Fri)
 - if this modified situation (modified duties/reduced hours) is likely to be permanent.
- **additional information**
 - is the employee's medical condition in your opinion the only reason that their working conditions need modification, please explain further
 - what degree do any other factors impact on their work capacity (%)

Thank you.



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