Australian Government

Commonwealth Superannuation Corporation

10/16

PSSap employer training information

Information to help your agency meet its superannuation responsibilities for PSSap members

Commonwealth Superannuation Corporation

Contents

About PSSap and the organisations that will help you meet your superannuation obligations

Public Sector Superannuation Accumulation Plan (PSSap or the Fund) (ABN 65 127 917 725, RSE R1004601) was established by the *Superannuation Act 2005* to provide superannuation services and products to employees of the Australian Government and other participating employers.

PSSap is a profit-for-members accumulation fund which means that super accumulates with investment earnings to form the retirement benefit, commissions are not paid and all net investment returns are returned to members – offering a cost-efficient, long-term way to save for your retirement. In addition to the retirement benefit, PSSap provides income protection (IP), Death and Total and Permanent Disability (TPD) insurance cover.

Commonwealth Superannuation Corporation (CSC) (ABN 48 882 817 243, AFSL 238069, RSEL L0001397) offers and is legally responsible for PSSap, including investment strategy and member communications. With over 30 years' experience, CSC understands the employment conditions of Australian Government employees. It is licensed under the Corporations Act 2001 and the Superannuation Industry (Supervision) Act 1993.

PSSap is currently administered by Pillar Administration (Pillar) under contract with CSC.

Pillar is committed to:

- building effective partnerships with your agency for the benefit of all members
- making administration easier by providing more online services for you
- providing you with clear, concise and useful information.

If you would like any additional information, contact Pillar Administration by phone on **1300 308 806** or via email at **employers@pssap.com.au**. You can also visit the employer website at **eac.csc.gov.au**

Your vital role as an employer

Superannuation is an important part of the salary package for employees of the Australian Government and participating employers. For most people, super is the key source of income when they retire and may have to last for over twenty years.

Employers play a vital role in superannuation. You make contributions on behalf of employees and provide important information to the super fund.

Employer responsibilities

Your agency has certain important legal responsibilities in relation to PSSap.
These include:

- ensuring the eligibility of members that are joining PSSap
- paying accurate contributions and submitting data on time, which ensures members' earnings and insurance cover are up to date
- ensuring the accuracy of member employment information and contact details provided to CSC
- distributing information about PSSap to members in a timely fashion, for example the **PSSap Product Disclosure Statement (PDS).**

This document outlines the steps you need to take to help you meet these responsibilities.

Giving advice to members, how we can help you

Employers are not licensed to provide any financial advice or make any recommendations regarding an employee's super. This sometimes makes it difficult to assist employees if they come to you with questions about their super.

Pillar can help you as it is licensed to provide general advice about PSSap and superannuation through authorised representatives. You can inform your employees of this and provide them with Pillar's contact details.

Members can also seek financial advice from a licensed professional such as a financial adviser. Choosing an adviser is an important decision and members should make their selection carefully.

CSC has partnered with experienced financial planners from Industry Fund Services (IFS) to bring a personal financial advice service to members. It is 'fee for service' advice, which means members receive a fixed quote upfront. There are no obligations, commissions or hidden fees. Members can contact **IFS** on **1300 277 777** during business hours.

Key areas to meet your responsibilities

Determination of whether an employee can join PSSap

Employees who may join PSSap include:

- new employees starting on or after 1 July 2005 who do not have an existing interest in the defined benefit plans (i.e. CSS or PSS)
- Ancillary Members
- CSS deferred members coming back into employment with a casual membership may elect to be members of PSSap
- a member of PSS who has elected to opt out of PSS from 1 July 2008 onwards
- PSS or CSS pensioners (excluding invalidity pensioners)
- casual employees with a contributing or preserved CSS membership may elect to join PSSap for their casual employment only. You can find out more about this in the CSS and PSS training notes.

You can check whether a member has been a member of CSS or PSS by using the Eligibility determiners for APS employees and non-APS employees available at **eac.csc.gov.au/your-responsibilities/start-members/**

Make sure you ask the employee if they had a previous name. This will also help you identify them when you do a search for them. An APS agency is one where its staff are employed under the *Public Service Act 1999*, and a non-APS agency has staff employed under their own Act of Parliament.

If the Eligibility determiner indicates that the member is not eligible to contribute to either CSS or PSS, then contributions will need to be directed to PSSap. For all CSS and PSS enquiries please call **1300 338 240**.

Ancillary Members

PSSap Ancillary memberships are for eligible CSS and PSS members who want to grow other super in PSSap. CSS and PSS memberships are not affected in any way.
The PSSap Ancillary membership allows only the following eligible contributions:

- salary sacrifice
- personal (after-tax) contributions
- spouse contributions
- rollovers from other super
- accumulated transfer amounts (post 1995) (PSS members only, contributing or preserved).

Ancillary Members cannot pay in superannuation guarantee contributions. From 1 October 2016, PSSap Ancillary members are eligible to apply for insurance cover available through PSSap

From 1 July 2014, PSS members (both contributing and preserved) can open a PSSap Ancillary account and transfer out the following amounts to their PSSap Ancillary account:
- any amount rolled into PSS since 1 January 1996
- government contributions paid into their account
- voluntary super contributions made after turning age 70 but only before 1 July 2011.

Employers don't need to take any action as a result of this new transfer option being made available to PSS members. It also does not affect how PSS benefits are calculated.

To become an Ancillary Member of PSSap, employees need to:
- check with you (their employer) to confirm you allow them to salary sacrifice into superannuation
- join PSSap (in addition to CSS or PSS) by completing the **Apply to join PSSap as an Ancillary Member** form available at **pssap.gov.au** and return it to Pillar
- provide you with their PSSap membership number and instruct you to deduct their nominated salary sacrifice amount from their pay which should be remitted to Pillar.

Employees who are not eligible to join PSSap include:
- anyone currently contributing to CSS or PSS (except for ancillary membership)
- anyone that has a preserved or deferred membership in PSS (except for the purpose of transferring certain amounts above) or CSS
- anyone who is an employee of an agency that has an exclusion in place on joining PSSap
- most PSS or CSS invalidity pensioners. Under limited conditions, some re-appointed CSS invalidity pensioners (e.g. those who have re-commenced on a casual basis) may be able to join PSSap
- temporary/non-ongoing employees on 30 June 2005 who elected to join PSS after 1 July 2005 while still working with those employers/approved authorities and during the same term of employment.

Provision of key information to new employees when they start employment

PSSap is the default fund
Let the employee know that PSSap is their default super fund and if they do not elect to make contributions into another fund, their super will be paid into PSSap. You need to provide employees with a Standard choice form within 28 days of them starting employment. The form is available at ato.gov.au or by contacting us.

Product Disclosure Statement and Financial Services Guide
Australian Government employees (and employees of other participating employers) receive employer contributions from you well above the industry superannuation contribution rate. They are offered investment choice and insurance coverage.

To help members understand their super and help you explain it, you will need to give members a copy of the PSSap PDS. You can do this by providing them with a link to **pssap.gov.au/pds**

Members are also required to receive a copy of the **Financial Services Guide (FSG)**. You can also provide this document to members by sending them a link to **pssap.gov.au/fsg**

You should highlight to employees that they have access to Insurance that's designed exclusively with Australian Government employees in mind.

lifePLUS auto cover is the default insurance for new PSSap members (and existing Pre 1 October 2016 preserved benefit members who return to APS employment). Cover is available without having to complete any application forms or medical tests.

lifePLUS auto cover is generally provided automatically to permanent and non-ongoing contract employees (on a contract of more than three months) on an opt out basis.

Casual employee (including non-ongoing contract employees on a contract of less than three months), can choose to opt in to lifePLUS auto cover within 60 days of their welcome advice (or no later than 180 days after commencement with their employer).

Key features include:

Income Protection: benefits are paid for up to 5 years based on a 60 days Waiting Period.

Continuing super contributions: benefits can continue being paid into your super account if you suffer a disability.

Death and TPD cover: age-based death and TPD cover.

Easy application process: can apply quickly and easily for additional cover using **LIFEapp** – our online application process.

Casual employees are eligible for insurance on an opt in basis.

Provided certain eligibility conditions are met, the default level of IP offered is 75% of a member's base annual salary for a period of up to two years, followed by 50% of their base annual salary for a period of up to three years (or to age 67 if earlier) with a 60 day waiting period. Members, who met eligibility conditions, also receive a default level of Basic Death and TPD cover. The level of lifePLUS auto cover depends on the member's age with premiums deducted monthly from members superannuation account. Members can choose to opt out of insurance.

You should let the member know that more information about the insurance offered through PSSap is available in the **Insurance and your PSSap super** booklet, which forms part of the **PSSap PDS** available at **pssap.gov.au/pds**

Membership numbers, the website and secure online access

Once a membership is created Pillar will send them a Welcome advice confirming their membership number, insurance cover, our contact details and information available via **pssap.gov.au**

You should also let new members know that they can refer to **pssap.gov.au** for useful information on their super, including information on their investment options, insurance cover, the contributions they can make, where to get more information, education and advice.

On this site they can also register to use **PSSap Member Online** which allows them to transact and manage their super securely and easily online.

Using this secure site they can:

- check their balance and transaction history
- make super contributions via BPAY
- consolidate super from other funds into their PSSap account
- view their nominated beneficiaries
- view their insurance cover
- update their contact details
- use calculators to check that their super is on track.

Ancillary Members will receive their welcome letter prior to contributions being paid. This is because they need to receive their membership number and then provide this to you so that you can deduct their nominated salary sacrifice amount from their pay and send this to Pillar. For more information contact us on 1300 308 806.

Obtaining member contact details and discussing member contributions

Obtaining correct member contact details is very important as it allows Pillar to contact them directly after you have set up their super account, freeing up your time. You should encourage employees to provide a mailing address, email address and mobile phone number when they join. The more contact details Pillar has, the less mail you will have to deal with when member statements and other important news regarding their superannuation are sent out.

You should check to see if the new employee wishes to make personal contributions or salary sacrifice to PSSap. If they do, you will need to confirm how much they wish to contribute and arrange for contributions to be deducted from their pay.

Personal contributions

PSSap members can make personal contributions (it isn't compulsory), provided that:

- their membership is current

and

- the member is working for a designated employer.

You should mention that they can contribute any amount, but that contribution caps apply. For more information refer them to the **PSSap PDS** available at **pssap.gov.au/pds and at ato.gov.au**

Although an employee may request that their contribution be a percentage of their salary, you must convert this amount to dollars and cents when you report and pay those member contributions to Pillar.

You can let members know that they can also make personal contributions either by cheque or BPAY at any time while working for a designated employer (they can no longer do this when they leave eligible employment). They can obtain their Bpay details by registering to use **PSSap Member Online or the Voluntary Contributions** form available at **pssap.gov.au**

There is no link between a member's personal contributions and employer contributions.

Ancillary Members can make personal contributions to their PSSap Ancillary account in addition to any contributions made to their PSS or CSS (subject to contribution caps).

Salary sacrifice

To make salary sacrifice payments for a PSSap member refer to **Salary sacrifice** on page 8.

Ancillary Members can also make salary sacrifice contributions. This process is slightly different. The Ancillary Member should first check with you, their employer, to confirm you allow them to salary sacrifice into superannuation. They then join PSSap (in addition to CSS or PSS) by completing the relevant form and returning it to Pillar. Once Pillar has set up their account, they send the member their member number as part of the welcome letter.

To enable you to make salary sacrifice contributions, you will need to ensure you have their membership number. You will need to tell members that once they have received this from Pillar, they need to provide you with their PSSap membership number and inform you of the salary sacrifice amount to deduct. You will then need to remit this to Pillar.

Work test

For members aged 75 and over the only contributions that can be received are employer contributions that are required to be made under superannuation guarantee legislation or an award or workplace agreement. Members between ages 65-74 can make personal and salary sacrifice contributions provided they meet the work test. That is, the member has worked at least 40 hours over 30 consecutive days of the financial year when the contributions are being made.

In most cases, by using the information reported by you through the PSSap Employer Portal, Pillar can tell whether members within this age group satisfy the work test. If they cannot determine this, then they will write to the member requesting further information.

Spouse contributions

Spouse contributions can be made on behalf of a member but this is not done through the payroll system. These payments must be made directly to Pillar by cheque or BPAY. This can be done via **PSSap Member Online** or the **Voluntary Contributions** form available at **pssap.gov.au**

Ancillary Members are able to receive spouse contributions.

Contributions splitting

PSSap allows for members to transfer or roll over a portion of the concessional (before-tax) contributions made to their account to their spouse's super account.

PSSap members are also able to receive transfers from their spouse's super fund.

More information is available at pssap.gov.au

Eligibility for co-contributions

A low to medium income earner who makes personal contributions may be eligible for a co-contribution from the Australian Government. Members should refer to ato.gov.au to determine whether they are eligible. Co-contributions are put into their account by the ATO.

Transferring super from other accounts

Current PSSap members working for designated employers can transfer amounts into PSSap. They can do this by logging into PSSap Member Online and completing the Consolidate form or by completing a **Transfers** form available at pssap.gov.au or by making arrangements with their former superannuation fund.

UK pension scheme transfers

PSSap is a Qualifying Recognised Overseas Pension Scheme and is eligible to receive rollovers from UK pension schemes. More information can be found at **pssap.gov.au**

Providing correct data and making super payments

You need to pay the first employer contribution for a new employee on the first payday after commencement of employment (unless they have nominated another fund). Please ensure you calculate contributions for PSSap members accurately.

Data must be provided to PSSap in a SuperStream compliant format using the SuperStream network.

You have two ways of doing this:

- You can upload a SuperStream compliant file to a clearing house;

or

- You can use your gateway service to send the data to PSSap.

Most employers will use a clearing house service. The Commonwealth Superannuation Corporation provides a clearing house service to employers whose default superannuation scheme is PSSap. There are no set up fees or transaction costs.

To upload a file to PSSap, it must be in the correct format known as the SuperStream Alternative File Format (SAFF). PSSap requires some additional information that is not mandatory under the SuperStream standard, such as employment status and insurance salary.

You will need to confirm that your payroll system provider can produce a file in the right format that also includes the additional information. Note that if you do not provide the additional information, Pillar will write to the employee and your agency seeking this information as required. A copy of the PSSap data requirements is available from **eac.csc.gov.au**

If you use our clearing house, you will need to pay contributions by direct debit. This is to ensure compliance with Commonwealth financial management legislation. This will also ensure that the contributions paid match the data you have submitted.

Employers with a small number of PSSap employees may wish to use the online contributions facility of their clearing house. This allows contributions to be manually entered for each employee each fortnight and sent to PSSap without uploading a SAFF file.

If you use another clearing house or your own gateway, you may be able to pay by electronic funds transfer (EFT). Your data and payment will be rejected if they do not balance.

You need to ensure that you send the correct data and money on time. Pillar can only invest the contributions for your employees when the money is received and balances with the data. Pillar must do this in a reasonable period of time to avoid the member losing any investment earnings and potentially having a claim against your agency to recoup any loss.

New Members

If you have a new employee who does not have an existing PSSap membership, you can create a membership at the same time that you submit their first contribution. You will not know the member's PSSap membership number at this point, so it should be left blank in your SAFF.

If you are using the online contributions functionality of the CSC clearing house, you will need to enter 'UNKNOWN' in the Membership ID field.

After you have submitted data for a pay period, you will be able to access Pillar's online employer portal and retrieve the correct membership number for your new employee.

Employment Status

It is important that you provided correct employment status. If you do not provided an employment status the member will default to permanent full time. Not providing correct details can have significant consequences for PSSap members. For the purpose of insurance, a contract or non-ongoing employee on a contract of less than 3 months should be reported to PSSap as a casual employee.

Under our new arrangements, PSSap casual members are provided with insurance on an opt-in basis. This means that casual members must opt in to lifePLUS auto cover within 60 days of their welcome advice (and no later than 180 days after joining the employer) or they are ineligible for automatic cover. Insurance cover is not applied automatically.

Full and part time members are automatically provided with cover on an opt-out basis. If a member is incorrectly classified as full time or part time, they risk being unaware of the 60 day opt in requirement.

The Employer Portal User Guide, available at eac.csc.gov.au, provides some very useful information to help you use this interface. More information and training material is also available on this site.

Understanding employer contributions

If employers do not pay contributions when required to do so, they may be required to pay an interest charge on the outstanding amounts.

Employers are required to make superannuation guarantee contributions for all members of PSSap that they employ. Basic employer contributions for a PSSap member must be at least 15.4% of the member's superannuation salary.

Employers may also make additional contributions for PSSap members, which may include:

- additional contributions as specified in an agreement or Collective Agreement (CA)
- to provide for circumstances where they may agree with the member to make additional contributions (for example, as an incentive).

Note that employers do not need to pay any Employer Productivity Superannuation Component (EPSC) for PSSap members.

Salary to enter to determine the insurance premiums payable by the member

The level of income protection insurance and premiums are calculated using their base annual salary.

Base Annual Salary

A base annual salary is required for us to calculate income protection benefits for PSSap members. It is important that the correct base annual salary is provided at commencement and updated on the contribution file each time the figure changes.

If no base salary is provided, a default salary of $47,000 will be applied to the account and premiums will be based upon this salary.

It is important that base annual salary rates are correctly reported, as claims on income protection benefits are calculated on the lesser of:

- the actual base annual salary at the time of total disability

or

- the base annual salary advised to PSSap.

Example: Murray is a new employee with a base annual salary of $100,000 p.a. ($8,333 per month). When setting up his PSSap account his employer did not provide a base annual salary, so he is only covered for a default salary of $47,000.

On becoming ill, he is expecting an income protection payment of $6,250 per month paid to his bank account (plus 15.4% paid to his PSSap account) – enough to cover his mortgage and bills with a little extra for his medical costs.

Upon submitting his claim, Murray finds he will only receive a monthly income protection benefit of $2,937.50 – less than half of what he expected.

Instead of focusing on getting well, Murray is stressed about his financial situation and wondering how he will pay his bills if he cannot return to work soon.

Superannuation salary used to determine the employer contribution

A member’s superannuation salary can be calculated as either their fortnightly contributions salary (FCS) or their ordinary time earnings (OTE), depending on which arrangement is in place for a particular member or group of members.
You will need to be aware of which arrangement is in place in your agency or in an individual’s agreement or remuneration determination. If a PSSap member does not have one of these agreements, they may have another written agreement with your agency stating which salary is to be used.

Fortnightly contribution salary (FCS)

FCS is the 'default' salary when superannuation salary is not specified in an agreement with employees. The FCS is determined in the same way as the superannuation salary is calculated for a PSS member. This is 1/26 of the greater of:

- the member's annual salary on commencement
- the member's basic salary and any recognised allowances being received on the member's birthday
- the highest salary and any recognised allowances received during the period from the previous birthday until the eve of the next birthday, subject to the salary maintenance rules.

The above calculation is standard and does not vary if there are more than 26 pays in the year.

The formula for calculating contributions under the fortnightly contribution salary is:
15.4% x (annual rate of superannuation salary including recognised allowances ÷ 26)

Please refer to the below table which outlines which types of allowances are recognised and when these are recognised from.

Table 1 - Recognised allowances for fortnightly contributions salary

Allowance type (general)	Applicable	Examples
Allowances for the possession of particular skills	Immediately payable from your next birthday review	First aid allowance, language allowance, allowance payable in recognition of length of service or standard of efficiency attained
Allowances relating to additional duties	When received continuously for more than 12 months, your employer certifies there is a likelihood that it will be received for 12 months	Higher duties allowance, parliamentary employment allowance, restriction allowance, allowance payable in lieu of overtime or extra duty, allowance payable in compensation for physical hardship or discomfort associated with particular duties, allowance for special duties
Reimbursement allowances and overtime	Never	Expenses of office allowance, district allowance, travelling allowance, clothing allowance, bonuses of performance pay

FCS agencies are not required to make contributions for a member for a pay period if the member is not employed on pay day.

Please note however, that a shortfall contribution may be due at the end of the quarter if the contributions for the quarter do not equate to 9.5% of the members OTE.

While a contribution is not mandatory under FCS for a period where the member is not employed on pay day, some agencies choose to make a contribution to ensure that a shortfall is not due in the future.

Calculating FCS for casuals

For contribution purposes, a casual's salary is what they actually earned in the particular fortnight (excluding payments for overtime, compensation or reimbursement of expenses such as meal allowance or mileage allowance).

If a member is on compensation leave, contributions are based on what the member would have earned had they been at work. Any leave without pay, reduced pay, salary increase or increments will have an immediate effect on a casual's contributions and ultimately, benefits.

To establish a Notional Salary for a casual for the purposes of transferring to another employer or for the purposes of changing employment status refer to the **PSS Training modules**.

Salary maintenance rules do not apply to casuals.

Calculating FCS during unpaid leave

In certain circumstances if a PSSap member's superannuation salary is based on FCS and the member does not receive a salary payment, you are still required to calculate and pay the contributions (using the salary for super) as if the member would otherwise have received a salary payment. These circumstances are:

- unpaid leave of 12 weeks or less
- unpaid or paid maternity or parental leave
- a period of compensation leave without pay
- leave without pay from one agency to engage in other approved employment where the employer has agreed to pay contributions
- a period of unpaid leave where the employer has agreed to pay employer contributions (for example, during study leave)
- unpaid sick leave.

Employer contribution shortfall when using FCS

PSSap rules explain that employers may have to pay an employer contribution shortfall if their contribution for a PSSap member for a quarter does not equal at least 9.5% of the member's OTE. The rationale is that 15.4% of OTE will always be greater than 9.5% of OTE, but there is a potential that 15.4% of FCS may not be greater than 9.5% of OTE measured on a quarterly basis. For example, a person who had been working part-time (with their FCS based on those part-time hours) but then began working full-time could receive contributions that were less than 9.5% of OTE depending on how their contributions were calculated. With OTE, their full-time hours would be reflected immediately, but for FCS, the full-time salary would not be reflected until their next birthday.

Employers using FCS as a member's superannuation salary must check at least quarterly to ensure that they have contributed at least 9.5% of the member's OTE. This shortfall is calculated, reported and paid by employers through PSSap Employer portal.

You are required to report any shortfall via ESO and the member. Any shortfall must be paid within 28 days of the end of the quarter to which it relates if you are to avoid a superannuation guarantee charge.

Ordinary time earnings (OTE)

A member's superannuation salary can be based on OTE only if that is the agreed basis for determining salary for superannuation in either:

- the agency's CA that applies to the member
- to provide for circumstances where they may agree with the member to make additional contributions (for example, as an incentive)
- the member's agreement
- a remuneration determination that applies to the member
- an agreement in writing between the member and the employer where the member is not covered under an agreement or a remuneration determination.

OTE is based on what the member is paid for their regular hours of work. It does not include overtime payments and it can change each payday. OTE means the total of earnings in relation to ordinary hours of work, not including:

- earnings consisting of a lump sum payment made in lieu of unused sick leave, unused annual leave, or unused long service leave
- earnings consisting of over award payments, shift loading or commission up to the maximum contribution base for the quarter.

During periods of paid leave, employers must contribute 15.4% of OTE on the day on which a regular salary payment is to be made to the member. This does not apply during periods of paid maternity or paternity leave. Payments during paid maternity and paternity leave are not included in OTE. However this arrangement could be different if an agency has specified payment through an agreement.

A full list of what is included and excluded from OTE is available in the Superannuation Guarantee Ruling 94/4 available at **ato.gov.au**

OTE during unpaid leave

If the member is on a period of unpaid leave and no OTE is payable on a given payday, then no employer contribution is due or payable on that payday. However, an employer may choose (perhaps as part of an employment incentive) to make contributions for a member who is on a period of unpaid leave.

Maximum superannuation contribution base under OTE

If contributions are based on OTE, the maximum superannuation contribution base (the maximum salary on which an employer's contributions are required to be calculated) is determined by the Tax Commissioner and is subject to annual indexation. The Tax Commissioner calculates the contribution base in early June each year for the following financial year. For more information refer **ato.gov.au**

Employers may calculate their contributions on a higher figure than that set by the Tax Commissioner, but they are not required to do so. If superannuation salaries are based on FCS, the maximum contribution base does not apply.

Members who transfer from OTE to an FCS agency

The FCS should be based upon the salary from the OTE agency; therefore the OTE agency will need to supply the employee's salary history to the FCS agency. The FCS agency is responsible for calculating the employee's FCS for the entire period as if the member had always been on FCS. This is required to ensure that the member's salary is correct, since there may have been a salary reduction.

The higher of the calculated salaries should be used in determining the salary for superannuation at the next birthday. Alternatively, the employee may negotiate to continue having their salary based upon OTE by entering into an individual agreement.

Salary maintenance rules

Calculating salary reductions for PSSap members under FCS is done in the same way as for PSS members. For members that opted out of PSS and have joined PSSap, calculate the salary as if it is a commencement salary. An AWOTE (or salary maintenance) calculator is available on the website **eac.csc.gov.au**

The salary maintenance rules do not apply to OTE.

Continuous Service

For PSSap, the rules for continuous service are the same as PSS and are as follows:
1. The member must be defaulting to PSSap or elect to join PSSap through choice of fund,
2. The new employment was arranged before ceasing the old employment.

If continuous service applies, the following membership data will need to be used from the previous employment:
- the salary for superannuation applicable from the previous birthday
- the approved hours for superannuation as applicable from the previous birthday
- the voluntary contribution rate (if requested).

Salary sacrifice

PSSap members can salary sacrifice amounts into PSSap with the agency's agreement. These amounts are treated as employer contributions and should be entered into the Salary Sacrifice field and submitted through the PSSap Employer Portal. Members who intend to salary sacrifice amounts into PSSap should be advised to seek separate financial advice.

Any salary sacrifice does not alter the employer's obligation to make basic employer contributions of 15.4% of the member's superannuation salary.

Contributing CSS and PSS members can salary sacrifice into PSSap if they are Ancillary Members – see page 5.

Salary for super when salary sacrificing

Under OTE
If a member on OTE has a salary sacrifice arrangement in place, the salary for superannuation must not include the salary sacrifice amount.

Under FCS
If a member on FCS has a basic salary established, and then salary sacrifices, the basic salary remains salary for super.

Salary for super under total remuneration packaging

Under OTE

If a member on OTE has a total remuneration arrangement in place, the salary for superannuation which the 15.4% employer contribution will be based upon is the taxable amount being received by the member. For more information refer to the ATO Superannuation Guarantee Ruling SGR 2009/2, available at **ato.gov.au**, particularly the section Payments specifically **excluded from the definition of 'salary or wages'**.

Under FCS with basic salary established

If a member on FCS has a basic salary established, and then elects to take non-cash benefits (such as the provision of a car when moving from an EL2 position to an SES position), the basic salary remains salary for super until the cash component of the package becomes greater than the previous basic salary. The effect of electing to forego cash salary for non-cash benefits is that there has been a salary reduction and the normal salary reduction rules will apply.

Under FCS without a basic salary established and TRP

As there may be no basic salary established in total remuneration packaging, there are situations where members on FCS could find that their superannuation salary varies from what it would have been had the total remuneration packaging arrangements not been entered into. Non-cash benefits do not count for superannuation salary when there is no basic salary established.

Overpaid and underpaid employer or member contributions

You cannot report through a negative employer or member contribution for a PSSap member.

Overpaid contributions

In the event that Pillar receives an overpayment of contributions Pillar will contact your agency to try and resolve the discrepancies. If Pillar are not able to match the data and the contributions remitted to CSC within 28 days, Pillar are required to return any excess monies after allocation of monies and data to member records to the relevant agency.

If you need to recover an overpaid contribution you must complete the Request for refund of overpaid contributions from the PSSap form and email to **employers@pssap.com.au**

Underpaid contributions

If Pillar receives insufficient funds they will contact you for assistance. If Pillar do not receive a satisfactory response within 28 days, Pillar will return the entire amount and your agency may be liable for the superannuation guarantee charge.

Other information

PSSap member numbers and accounts

Every PSSap member gets their own personal account and one member number relating to that account. This account holds all employer and member contributions for the member. Each PSSap member will have only one account and one membership number. Members with overlapping periods of employment and members with concurrent jobs will use the one account for all contributions.

Pillar does not require an AGS number for PSSap members, however if you provide employee AGS numbers to Pillar it can be a useful reference point.

Members receive a full annual statement and report at the end of each financial year.

Glossary

Ancillary membership: It is a limited membership for PSS and CSS contributing members where only the following eligible contributions are allowed:
- salary sacrifice
- personal (after-tax) contributions
- spouse contributions
- rollovers from other super
- accumulated transfer amounts (post 1995) (PSS members only, contributing or preserved).

APRA: Australian Prudential Regulation Authority.

ATO: Australian Taxation Office.

Base annual salary: the salary from which an agency would calculate any sick leave entitlements. This is different to the superannuation salary and changes whenever the member has a change in base annual salary for sick leave purposes e.g. promotion. This is the case for both Fortnightly Contribution Salary and Ordinary Time Earnings agencies.

Basic employer contributions: generally 15.4% of the superannuation salary of a PSSap member.

CSC: Commonwealth Superannuation Corporation (formerly Australian Reward Investment Alliance (ARIA), CSS Board and PSS Board) trustee of PSSap, CSS, PSS, ADF Super and MilitarySuper and administers five unregulated/exempt public sector schemes.

Designated employer: explained in section 19 of the *Superannuation Act 2005*.

Employer contribution shortfall: the difference between the amount contributed in the quarter for a PSSap member whose superannuation salary is based on the member's fortnightly contribution salary and 9% of the ordinary time earnings of that same member.

Fortnightly contribution salary: (you may know this as 'birthday salary') this is 1/26 of whichever is greater:
- the membership is current
- the member is working for a designated employer.

Gainfully employed: employed or self-employed for gain or reward.

Invalidity retirement: means the termination of the employment of a PSSap member on the ground that they are unable to perform their duties because of mental or physical condition.

Maximum contribution base: sets the maximum limit on the amount of superannuation support that an employer is expected to provide for the benefit of an employee. The maximum contribution base is subject to annual indexation that is calculated and notified by the Tax Commissioner.

Ordinary time earnings (OTE): is based on what a member gets paid for his or her regular hours of work. It does not include overtime payments and it can change each pay day – subsection 6(1) of the *Superannuation Guarantee (Administration) Act 1992* defines ordinary time earnings to mean:

I. the total of:
   a. earnings in respect of ordinary hours of work other than earnings consisting of a lump sum payment of any of the following kinds made to the employee on the termination of his or her employment:
      i. a payment in lieu of unused sick leave
      ii. a payment in lieu of unused annual leave within the meaning of subsection 26AC(1) of the *Income Tax Assessment Act 1936*
      iii. a payment in lieu of unused long service leave within the meaning of subsection 26AD(1) of the *Income Tax Assessment Act 1936*
   b. earnings consisting of over award payments, shift loading or commission,

or

II. if the total ascertained in accordance with paragraph (a) would be greater than the maximum contribution base for the quarter – the maximum contribution base.

Pay day:

I. the day on which a regular salary payment is made to the accumulation member
II. however, if the accumulation member's superannuation salary is based on fortnightly contribution salary (in the same way as the superannuation salary is determined for a defined benefits member) and the member does not receive a salary payment because the member is on:
   a. unpaid leave of 12 weeks or less
   b. maternity or parental leave
   c. sick leave without pay
   d. a period of compensation leave
   e. a period of leave of absence for the purposes of engaging in other approved employment as defined in the PSSap Rules
   f. a period of unpaid leave where the employer has agreed to pay employer contributions.

then pay day also means the day that member would otherwise have received a salary payment.

Permanent incapacity: this occurs if a member stops being gainfully employed because of mental or physical ill-health and the trustee is reasonably satisfied the member is unlikely, because of that ill-health, to ever again engage in gainful employment for which the member is reasonably qualified by education, training or experience.

Product Disclosure Statement (PDS): a document required under the *Corporations Act 2001* to be given to a member to describe the key features of the superannuation arrangements applying to the member.

PSS: means the Public Sector Superannuation scheme within the meaning of the *Superannuation Act 1990.*

PSS Fund: the Fund established by the PSS Trust Deed, managed and invested by CSC in accordance with the provisions of the *Superannuation Act 1990* and the Deed.

PSS member: a person who is a member of PSS due to the operation of Part 3 of the *Superannuation Act 1990.*

Quarter: any three-month period beginning on 1 January, 1 April, 1 July or 1 October.

Salary sacrifice: is an arrangement between employee and their employer where the employee agrees for some of their before-tax salary to be paid into super.

SIS: the *Superannuation Industry (Supervision) Act 1993* and the regulations in force under that Act.

Superannuation salary (or salary for super): the member's ordinary time earnings, if that is the salary set out in an agreement between the employer and the member; in all other cases, the amount that would have been the member's fortnightly contribution salary if they had been a defined benefits member superannuation system includes:

- regulated superannuation funds
- approved deposit funds
- retirement savings accounts
- exempt public sector superannuation schemes
- deferred annuities
- Australian Securities and Investment Commission (ASIC) as a recipient of unclaimed money paid to ASIC under subsection 225(5) of SIS
- the ATO or state or territory Superannuation Unclaimed Money authorities as the collectors of unclaimed superannuation money
- annuities.

Temporary incapacity: this occurs if a member stops being gainfully employed (including temporarily, and including if they still have their job but are taking unpaid leave) because of physical or mental ill-health but is not permanently incapacitated.

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