



STATE SUPER
SAS Trustee Corporation

Police Superannuation Scheme

Employer Easy Reference Guide

Contents

CONTENTS	2
1. INTRODUCTION	3
2. WHO IS MY CONTACT FOR PSS?	4
3. GLOSSARY OF TERMS	6
4 SALARY FOR SUPERANNUATION PURPOSES	9
4.1 SALARY SACRIFICE CONTRIBUTIONS	11
5. BENEFITS	13
6. CONTRIBUTIONS.....	16
6.1 EMPLOYER CONTRIBUTIONS	16
6.2 EMPLOYEE CONTRIBUTIONS	16
6.3 CONTRIBUTORS AGED 65/70	17
6.4 OTHER EMPLOYEE CONTRIBUTIONS	17
6.5 LEAVE WITHOUT PAY (LWOP)	18
6.6 PART-TIME EMPLOYMENT	19
7. COMMONWEALTH TAXATION	21
7.1 EMPLOYER CONTRIBUTION TAX.....	21
7.2 CONTRIBUTIONS SURCHARGE TAX	22
7.3 TAX FILE NUMBERS (TFNS) – EMPLOYERS’ RESPONSIBILITIES.....	22
8. FORMS.....	23
8.1 NOTES TO ASSIST EMPLOYERS IN COMPLETING FORMS	24
(A) <i>Member Exits</i>	24
APPENDIX A - PSS FORMS GUIDE.....	27
APPENDIX B – ANNUAL UPDATE SPECIFICATIONS .	29

1. Introduction

The Superannuation Administration Corporation (referred to as SAC in this guide), administers the Police Superannuation Scheme (PSS) and the fully employer-financed State Authorities Non-contributory Superannuation Scheme (SANCS - referred to as the “Basic Benefit” in this guide) on behalf of the SAS Trustee Corporation (STC), who is the trustee for the schemes.

The PSS was established in 1906 and was a compulsory scheme which all police joined after they successfully completed their cadetships and were made probationary constables. The PSS closed to new members on 1 April 1988. New employees from that date were eligible to join the State Authorities Superannuation Scheme (SASS), which was closed to new members in December 1992. All new employees from that time are automatically covered by First State Super (FSS).

Employer's responsibility

Under the governing legislation for these schemes, the Police Regulation (Superannuation) Act 1906 and the State Authorities Non-contributory Superannuation Act 1987, you are required to supply SAC with both contributions and member information on a timely basis in relation to your employees who are PSS members.

Purpose of this guide

The purpose of this “Easy Reference Guide” is to help you fulfil your obligations under the legislation.

Additional information for you and PSS members regarding scheme benefits and rules are provided via fact sheets, which are available from your Employer Relationship Manager.

Separate fact sheets are available for the State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and First State Super (FSS) schemes.

Assistance for employers

Personalised assistance is available from your Employer Relationship Manager. Contact details for your manager can be found in *Chapter 2. Who is my contact for PSS?*

2. Who is my contact for PSS?

The Police Superannuation Scheme is administered by SAC. SAC provides an Employer Relationship Manager who is available to assist you.



There is an Employer Relationship Officer from Pillar available to assist you.

Enquiries to Pillar's Employer Help Line

Phone: 02 4253 1426

Fax: 02 4253 1542

Email:

STC_Employer_Contact@pillar.com.au

State Super web site

State Super has established a web site (www.statesuper.nsw.gov.au) so that you and your employees can instantly access a range of information and services at any time. The employer section of the site includes:

- a special email link to your Employer Relationship Manager,
- a publication page containing a copy of all recent communications to you including
 - copies of the employer newsletter, SuperUpdate,
 - both employer and member forms which can be printed and
 - detailed fact sheets about how the scheme works.

2. Who is my contact for PSS?

Other communications

When PSS rules change it is important that SAC keeps you up to date. SAC does this by communicating with you via the half yearly SuperUpdate newsletter, through contact with your Employer Relationship Manager and also our recently established Fax Bulletin – a timely way to get news to you as the need arises.

If you are not receiving this information, or if your contact person or address details change, please let your Employer Relationship Manager know.

3. Glossary of terms

Term	Description
Act	The Police Superannuation Scheme's governing statute, the Police Regulation (Superannuation) Act, 1906.
Annual Benefit Statement	The annual statement issued to members in the second half of the year showing their accrued benefit entitlements in the Police Superannuation Scheme.
Attributed Salary of Office	The full-time salary of office for a PSS member's position. In the case of a part-time officer, the attributed salary of office is the salary that would be payable to the officer at that time if employed as a full-time member of the police service (see Salary of Office).
Basic Benefit	'Productivity-type' superannuation benefit accrued by PSS members in addition to their contributory scheme benefits. Calculated at 3% of Final Average Salary or Final Salary, depending on the mode of exit, for each year of service from 1 April 1988. It is fully employer-financed.
Commutation	The exchange of a pension benefit for a lump sum.
Contributor	An employee who is a current member of the Police Superannuation Scheme (PSS).
Early Retirement Age	Age 55 years.
E-Business	A method for employers to send and receive data (securely and efficiently) via SAC's web site.
Employee Number	The employer's reference number for an employee, often known as the registered number. SAC can accept up to seven digits in this number.

Term	Description
Exit Date	The date on which a member ceases employment with an employer.
First State Super (FSS)	<p>The superannuation scheme established by the NSW Government to cover all new public sector employees from 8 December 1992.</p> <p>FSS accepts employer Superannuation Guarantee contributions required to be made under Commonwealth legislation (which may include contributions for PSS members who have such an entitlement in respect of employment separate to that relevant to their PSS membership).</p> <p>An FSS Easy Reference Guide for Employers is available from SAC.</p>
Hurt on Duty	An invalidity or death benefit is payable from PSS where the Commissioner of Police certifies that the invalidity retirement or death was caused by the member having been 'hurt on duty'.
Invalidity Benefit	An invalidity benefit is payable from the Scheme where a member is retired on the grounds of invalidity or physical or mental incapacity to perform their duties as determined by the STC.
Member contributions	PSS members contribute at the rate of 6% of their annual superable salary ('Salary of Office'), as varied from time to time.
Member Number	Each member has a seven digit number which is unique and does not change for their period of continuous membership of the Scheme. It is also known as the file number or superannuation number.
Normal Retirement Age	Age 60 years.
Deferral of a Benefit	<p>When a member exits from employment prior to the early retirement age other than by death or disability, they may choose to defer their benefit with the Scheme.</p> <p>Deferring a benefit allows them to receive a lump sum benefit payable at or after 55 years, on total and permanent invalidity, or on death (payable to a surviving spouse/partner).</p>
SAC	Superannuation Administration Corporation (the scheme administrator) as constituted by the Superannuation Administration Authority Corporation Act 1999.

Term	Description
Salary of Office	A PSS member's superable salary for contributions and benefits is based on their 'Salary of Office'. This is the ordinary annual (base) 'Salary of Office' for the member's rank and position, and does not include certain specified allowances such as relieving, expense, uniform and climatic and shift allowances, or an allowance paid in lieu of overtime. An allowance may be included if it is prescribed in the Regulations. Allowances for certain academic qualifications are currently included.
Salary Ratio	The ratio of the annual part-time salary to the annual full-time salary (ie. part-time salary divided by full-time salary). Hence the salary ratio for full-time employees is 1 and the salary ratio for part-time employees is less than 1.
SANCS	The State Authorities Non-contributory Superannuation Scheme also known as the 'Basic Benefit'.
SASS	The State Authorities Superannuation Scheme is another scheme administered by SAC on behalf of the STC. It closed to new members on 19 December 1992. A SASS Easy Reference Guide for Employers is available from SAC.
'Shortfall' Benefit	See 'Superannuation Guarantee Benefits'
Spouse/Partner	The spouse/partner of a deceased PSS member or pensioner may be entitled to a benefit from the scheme on the death of the member or pensioner. A spouse may be the widow or widower of the deceased or a de facto partner, including a partner of the same sex. Conditions apply to the payment of a benefits to a de facto partner and to the spouse or partner of a deceased pensioner.
STC	The SAS Trustee Corporation (the scheme trustee) as constituted by the Superannuation Administration Act 1996.
Superannuation Guarantee Benefits	Since 1 July 1992, members' employer-financed benefits have been automatically increased by the scheme administrator, where necessary, to meet Commonwealth Superannuation Guarantee requirements that is, to avoid a 'shortfall' in the provision of at least the required minimum employer financed benefits.

4 Salary for superannuation purposes

A PSS member's superable salary is their ordinary annual (base) 'Salary of Office' for their rank and position, and does not include certain specified allowances such as relieving, expense, uniform and climatic and shift allowances, or an allowance paid in lieu of overtime. An allowance may be included if it is prescribed in the Regulations. Allowances for certain academic qualifications are currently included.

Both member contributions (6%) and benefit entitlements, are calculated on the superable salary.

Where a member ceases to receive a superable allowance because of non-disciplinary reasons, any benefit that becomes payable (before salary again increases above the previous amount) is based on the superable salary amount that was being received by the member immediately prior to the reduction.

Salary Review Days

PSS – you are required to provide to SAC each member's superable 'salary of office' figure as at 30 June each year.

For contributors in part-time positions, the 'attributed' or annual full-time salary for the position/classification should also be shown.

The salary to be provided, in respect of each member of the NSW Government's Senior Executive Service (SES), is the salary nominated for superannuation purposes by the member under the Government's SES policy.

Salary increases paid **after** the review day but which are retrospective, are not to be reported in this year's return.

Basic Benefit - you are required to provide to SAC each member's superable salary for basic benefit purposes as at 31 December each year. Please note that a relieving allowance may be included in the superable salary used to calculate a member's basic benefit, subject to conditions. Please contact your Employer Relationship Manager for details.

Employer responsibility

Salary Returns - you are requested to submit your annual salary returns to SAC within 1 month of the relevant review day (30 June and 31 December). If convenient, this can be done via Electronic Media (diskette) or by electronic files using E-Business. Enquiries concerning this facility should be directed to your Employer Relationship Manager.

Additional review day information

In addition to the PSS superable salary figure provided at 30 June, the PSS salary file also provides contribution details required to update members records with the contributions for the past financial year.

Specifications for the salary return are in the appendix C

Approved employment benefits

The value of any 'approved employment benefits' received by employees is also included in superable salary. These are non-cash benefits, provided to (non-executive officer) employees through 'salary sacrifice' arrangements, that have been approved for inclusion in superable salary by the Minister with the concurrence of the Treasurer.

The range of 'approved employment benefits' varies between different employment groups, however, three such non-cash benefits common to all contributors are:

- Child Care
- Motor Vehicle (private usage component)
- Superannuation contributions made from pre-tax salary (see 4.1 *Salary sacrifice contributions* on page 11.)

You must determine the value of 'approved employment benefits' for inclusion in the superable salary figures reported to SAC for PSS contributors.

Senior Executive Service

Members of the NSW Government's Senior Executive Service (SES), nominate their salary for superannuation purposes, under the Government's SES policy.

4.1 Salary sacrifice contributions

Employers responsibility

‘...employers must add the amount of these contributions to the employee’s net salary when they calculate the superable salary figure to be reported to SAC’.

Legislation that took effect from 1 July 1998 allows all NSW public sector employees covered by First State Super and most employees covered by STC defined benefit schemes, including PSS, to make ‘salary sacrifice’ (pre-tax) superannuation contributions to First State Super.

Guidelines

The Premier’s Department issued a circular to all NSW public sector employers in August 1998 setting out the guidelines they should follow when implementing salary sacrifice arrangements in their own organisations. Police employees may salary sacrifice from 1 July 2001.

These guidelines are:

Guidelines	
Nature of Salary Sacrifice Contributions	<p>Salary that is sacrificed for superannuation is deducted from the employee’s gross salary ie, the salary payable before deduction of income (PAYG) tax instalments.</p> <p>Salary Sacrifice contributions are treated as ‘employer’ contributions. As such, they are subject to a 15% contribution tax when received by the fund. These contributions must also be preserved in accordance with Commonwealth requirements applying to employer contributions. Accordingly, they are generally required to be preserved until retirement from the workforce at or after the Commonwealth preservation age (between 55 and 60).</p>
Contribution Limit	<p>The arrangements approved by the Premier’s Department specify that the amount of salary that may be sacrificed should not exceed 30% of an employee’s gross award salary or superable salary, whichever is lower.</p> <p>Where an employee has other components paid from pre-tax salary, the combined value of the superannuation and other components should not exceed the 30% maximum.</p> <p>In the case of part-time employees, the salary sacrifice limit is based on the part-time salary.</p>

Continued on the next page

Guidelines

Salary-Based Entitlements Protected

Subject to the contribution limit, the Premier has approved of superannuation contributions paid on a salary sacrifice basis by members of the defined benefit schemes to be treated as an ‘approved employment benefit’.

Effectively, this means that employers must add the amount of these contributions to the employee’s net salary when they calculate the superable salary figure to be reported to SAC.

These arrangements ensure that benefits in PSS are not reduced as a result of the lower net salary paid to employees who make superannuation contributions on a salary sacrifice basis.

Similarly, amendments to the various NSW Crown Employees industrial awards provide that other employee entitlements, such as overtime and leave loading, are to be based on the net salary plus ‘salary sacrificed’ amount, thus protecting those entitlements from reduction.

The various NSW Crown Employees Awards have been varied by consent to provide for optional salary sacrifice for superannuation. Where employees are covered by different awards, public sector employers are encouraged to amend these in a similar way – a sample award variation has been provided by the Premiers Department to assist employers.

Salary sacrifice contributions can only be made where a formal agreement exists between an employer and its employees as to the salary sacrifice arrangements that will apply in the particular organisation. A sample form of agreement has also been provided by the Premiers Department as a guide to employers.

5. Benefits

PSS provides a range of member benefits payable in the different circumstances set out below:

Normal Retirement (age 60 or over)

A member can take either an indexed fortnightly pension or a lump sum. The amount of the benefit depends on the member's length of service, with the maximum benefit payable after 30 years service.

The maximum pension entitlement is 72.75% of the member's Salary of Office at retirement. The maximum lump sum is 7.95 times Salary of Office.

Early Voluntary Retirement (age 55-59 incl.)

As on normal retirement, a member can take either an indexed fortnightly pension or a lump sum. These benefits are less than those payable at age 60.

The amount of the benefit depends on the member's length of service and age at retirement. The closer to age 60, the higher the benefit for each year of service. The maximum early retirement benefit is payable after 30 years service.

The maximum pension payable at age 55 (exactly) is 58.20% of the member's Salary of Office at retirement. The maximum lump sum is 7.58 times Salary of Office.

Invalidity Retirement (medical discharge or death)

There are two types of invalidity benefits payable: General Benefit (not hurt on duty) or Hurt on Duty Benefit.

The General Benefit is based on the member's length of service at retirement and is

- a lump sum amount where service is less than 20 years and
- a pension for service of 20 years or more (maximum of 72.75% of Salary of Office after 30 years service).

The Hurt on Duty retirement benefit is a pension of 72.75% of salary, irrespective of length of service. This pension may be increased depending on the member's capacity to undertake alternative employment and the degree of risk they were exposed to in the Police Service.

Death

The amount of benefit paid will depend on whether death is determined by the Commissioner of Police to have been caused by the member having been 'hurt on duty'. A spouse or de facto partner benefit may be payable on the death of a current member or pensioner (a same sex partner may qualify for this benefit). Pension may also be payable for a child.

Resignation or dismissal

The benefit payable on resignation (or to a member who is discharged as a probationary constable) is a refund of the total amount of their contributions, plus interest payable from 23 November 1984 or the date of scheme entry if it was after 23 November 1984. On dismissal, interest is only payable from 1 July 1990.

The interest referred to above was fixed by legislation at 4.5% per annum until 30 June 1990. From 1 July 1990 interest is credited at the Fund's investment earning rate as determined by the Trustee. The net interest applied to a member's personal contribution account for each year is shown on their annual statements.

Optional Deferred Benefit

As an alternative to receiving a cash withdrawal benefit on resignation or dismissal, a member may elect to defer their accrued entitlements in the scheme. Because it contains the employer financed component of the accrued benefits, the value of the deferred benefit may be considerably higher than the withdrawal benefit immediately payable. The deferred benefit is calculated as a lump sum as at the date of ceasing employment and this amount is subsequently adjusted in accordance with movements in the Consumer Price (All Groups Sydney) Index, up until the date it is eventually paid.

A deferred benefit is payable at any time after reaching age 55 or in the event of earlier death or total and permanent invalidity.

In the event of death, the deferred benefit would be payable to a spouse or de facto partner of the deceased or, if there is no eligible spouse/partner, to the deceased's estate.

A member who voluntarily defers their entitlements in the scheme retains the option to take the original cash benefit, plus interest, at any time, with the exception of the basic benefit, which is generally required to remain preserved until at least age 55.

Pensions - Pensions are adjusted each year in line with the movement in the Consumer Price (All Groups Sydney) Index. A phasing-in formula applies in the first year after pension begins.

Basic Benefit - The Basic Benefit is additional to the PSS benefit. It accrues at the rate of up to 3% of final average salary (final average salary is average of the salaries payable on the date employment ceased and the two Annual Review Days prior to that date) for each year of service from 1 April 1988. Periods of leave without pay greater than five days do not count as service for Basic Benefit purposes. The Basic Benefit is fully paid by employers.

The Basic Benefit scheme was effectively closed to new members from 1 July 1992. First State Super replaced it for new employees. However, contributory members of SSS continue to accrue the Basic Benefit entitlement.

The Basic Benefit is payable in a lump sum on retirement from the work force at or after the Commonwealth preservation age, which is between 55 and 60, on total and permanent invalidity, on death or in other special circumstances.

6. Contributions

Both the employee and the employer contribute to the Scheme.

In this section This section contains the following topics:

6.1 EMPLOYER CONTRIBUTIONS	16
6.2 EMPLOYEE CONTRIBUTIONS	16
6.3 CONTRIBUTORS AGED 65/70	17
6.4 OTHER EMPLOYEE CONTRIBUTIONS	17
6.5 LEAVE WITHOUT PAY (LWOP).....	18
6.6 PART-TIME EMPLOYMENT	19

6.1 Employer contributions

Employer Funding

The NSW Treasury provides funding to the employer reserves from which the employer portion of benefits are paid.

Contributions to First State Super

It is possible for a person to be in employment with more than one employer during the same period of time or to perform different jobs for the same employer for which separate remuneration is paid.

Such a person is to be treated as if they were a different person in each case. They have entitlement to employer Superannuation Guarantee contributions being made to First State Super on their behalf in respect of the ‘non-PSS’ employment.

6.2 Employee contributions

Rate of contributions

All members of PSS are required to contribute 6% of their salary of office. Contributions are deducted from the member’s salary each fortnight by the Police Service and are paid into the scheme. Each time the member’s salary changes, the amount deducted should be adjusted to 6% of the new salary.

Remitting Contributions to SAC

Employee contribution should be paid to SAC within 7 days after the end of the month. A file providing the member contributions accompanies the payment.

6.3 Contributors Aged 65/70

Procedures

The basic procedures that apply to employees aged 65 or more are:

- (a) employee and employer contributions must continue to be paid to PSS for employees who do not choose to exit from the Scheme after reaching age 65,
- (b) contributions remain payable up to an employee's 70th birthday, providing the employee is working at least 30 hours per week,
- (c) an employee aged between 65 and 70 may, however, choose to exit from PSS and receive payment of, or defer their accrued benefits. In these cases, it will be necessary for you to pay superannuation guarantee contributions to First State Super (or another complying superannuation scheme) for such an employee who is working at least 10 hours each week.
- (d) Contribution and benefit accrual must cease at age 70.

6.4 Other Employee Contributions

Optional contributions to FSS

In addition to their contributions to PSS, members may also make superannuation contributions to First State Super. Eligible employees may pay to FSS:

- top-up contributions (post-tax) to boost their personal superannuation savings,
- spouse contributions on behalf of their spouse,
- 'salary-sacrifice' contributions on a pre-tax basis (such contributions are treated, under the tax and compulsory preservation rules, as 'employer contributions' – see *4.1 Salary sacrifice contributions on page 11*). None of the above contribution options affects the amount of personal contributions members are required to pay to SSS or their superable salary for the purposes of this scheme. Further information and application forms for top-up and spouse contributions may be obtained from Customer Service.

6.5 Leave Without Pay (LWOP)

Definition

Leave Without Pay is a period of leave during which the employee is not entitled to receive payment of salary from the employer. This does not include a period of secondment.

For superannuation purposes leave without pay is categorised as either 'Special Leave' or 'Ordinary Leave'.

Summary of differences

The following table summarises the differences in treatment between 'special leave' and 'ordinary leave'.

	Special Leave	Ordinary Leave
Types of leave without pay	Sick leave Maternity Leave Leave to undertake union duties for the Police Association, or PSA. Other leave declared as 'special' in the Regulations	Holidays, etc (without pay)
Employer advice required?	No – unless sick leave or maternity leave without pay exceeds two years.	Yes, in respect of leave without pay in excess of 5 days. <i>Use the Advice of members taking LWOP form (STC 223).</i>
Contributions payable?	Yes, contributions are payable for the whole period of the leave. However, for sick leave and maternity leave, without pay, contributions are due for the first 2 years only .	Contributions are payable for the first 3 months only.
Can employee contributions be deferred?	Yes, subject to SAC's approval. Interest is payable until the contributions are paid.	Yes, subject to SAC's approval. Interest is payable until the contributions are paid.
Basic Benefit	The Basic Benefit accrues for the first 2 years only for maternity and sick leave without pay.	The Basic Benefit does not accrue for any period in excess of 5 days.

Please read on for further details in respect of Leave Without Pay.

SAC must be notified of all cases of ordinary LWOP exceeding five consecutive working days. This is most easily done by using the *Advice of members taking full time ordinary LWOP* form (STC 223).

You should make employees aware of the conditions applying to contributions payment and instruct them to contact SAC's Customer Service prior to going on LWOP in order to make arrangements for payment of contributions for the appropriate period of time for their type of leave.

Employer Responsibilities

Contributions payable in respect of the whole or part of a period of LWOP may be deferred subject to SAC's approval. Where contributions are deferred, interest is charged on arrears until they have been paid. Benefit cover also continues during such periods of leave, although a period during which contributions are not payable does not count as 'service' for benefit accrual purposes.

Part-Time Leave Without Pay

Where the part-time leave is 'ordinary' leave without pay and the equivalent full-time period of leave would exceed 5 days, the leave should be notified to SAC using the *Advice of members taking full-time ordinary LWOP* form (STC 223).

6.6 Part-Time Employment

A member's superannuation contributions during a period of part time employment are based on their actual part time salary. Service for benefit purposes accrues on a pro rata basis ie. according to the proportion of actual service to potential full time service (as measured by the difference between the part time and equivalent full time salaries).

In the case of ordinary leave without pay taken on a part time basis, superannuation contributions deducted from the member's part time salary are made at the rate of 6% of the:

- (a) equivalent full time salary (called 'attributed salary') during the first three months, and
- (b) part time salary during the remainder of the leave.

The first three months is treated as a period of full time service for benefit purposes. The member's service for the remaining period of part time leave without pay accrues on the pro rata basis described above.

In the case of special leave without pay taken on a part-time basis, superannuation contributions deducted from the members part-time salary are payable at 6% of the part-time salary for the whole period. Extended leave falls into this category.

**Employer's
responsibility**

The employer must advise SAC of any change in the member's basis of employment on the *Change in hours worked* form (STC 209). You do not need to advise us on this form about those members who take part-time leave without pay and do not elect to be treated as part-time employees for the period of the leave.

The employer needs to advise:

- The basis the employment has changed ie, from:
 - full-time to part-time
 - part-time to full time
 - part-time to part-time (where salary ratio changes)
- Salary ratio = $\frac{\text{Part-time salary}}{\text{Attributed full-time salary}}$
- type of part-time leave without pay

- New attributed (full-time) salary.

This is the full-time salary, or where the new basis of employment is part-time, the salary payable if the employee held an equivalent full-time position. Any allowances for superannuation purposes are to be included in this figure.

- New part-time salary

This is the actual part-time salary payable to the employee.

- Expected end date of the part time employment (including part time leave without pay), if known.

7. Commonwealth Taxation

This section describes how Commonwealth tax may affect the amount of a benefit payable to a PSS member. Scheme legislation authorises the reduction in members' gross (before-tax) benefits to offset these taxes. The reduced benefits are then subject to the standard income tax provisions applying to superannuation benefits (not described).

In this section

This section contains the following topics:

7.1 EMPLOYER CONTRIBUTION TAX.....	21
7.2 CONTRIBUTIONS SURCHARGE TAX.....	22
7.3 TAX FILE NUMBERS (TFNs) – EMPLOYERS' RESPONSIBILITIES	22

7.1 Employer Contribution Tax

Rate of tax

Since 1 July 1988, Commonwealth tax at the rate of 15% has been payable on employers' superannuation contributions.

How the tax is paid

Consequently, employer-financed benefits paid in respect of service from 1 July 1988, are reduced by 15% (except where an employer-financed lump sum death benefit is paid to the dependants of a deceased member - in these cases, a re-credit is obtained of the contribution tax paid and no benefit reduction applies).

However, the benefit reduction is offset by lower personal taxation payable when a member receives a pension benefit.

Important Exceptions

Exceptions are:

- Lump sum commutations paid to invalidity pensioners who retired **before 1 July 1988**.
- Pensions and lump sum commutations paid to members who retired **between 1 July 1988 and 30 June 1997**, where the members **did not accept the scheme's offer to reduce their pensions** from 1 July 2000 in exchange for the 15% pension tax rebate and lower lump sum tax rates.

In these cases:

- no tax has been paid by the scheme on the employer contributions paid to fund the members' benefits which accrued from 1 July 1988,
- benefits have not been reduced to offset the tax (where applicable), and
- when benefits are paid from the scheme, they do **not** qualify for the lower tax rates that apply to benefits paid from a 'taxed' source.

7.2 Contributions Surcharge Tax

Who is taxed? As from 21 August 1996, a Commonwealth surcharge tax is payable where a member's taxable income plus employer superannuation contributions (the adjusted taxable income) exceeds the annually adjusted income threshold (\$81,493 for 2000/01).

Rate of tax The rate of this additional tax depends on the member's adjusted taxable income, with a maximum rate of 15% payable where that income exceeds the upper income level (\$98,955 for 2000/01).

Tax debt account The surcharge tax in a defined benefit scheme like PSS is not payable to the ATO until part or all of the benefit leaves the scheme. Until then, the surcharge tax accumulates in a debt account that is increased with interest each 30 June.

Interest rate applied to debt account The interest rate applied to the 30 June balance of the debt account is the Commonwealth 10-year bond rate on that day.

Payment of the tax Members may make progressive payments to the debt account but should seek financial advice before doing so.

When the member takes all or part of their benefit, any amount in their Surcharge Tax Debt Account must then be paid by SAC to the ATO. All or part the debt amount will be deducted from the benefit. The amount deducted is capped at a maximum of 15% of the post 20 August 1996 share of the member's employer-financed benefit - any excess is payable by the employer.

Scheme legislation allows for the reduction of an PSS benefit to offset a member's tax surcharge liability; such reduction is subject to the member's consent and does not affect any right to commute pension to a lump sum.

7.3 Tax File Numbers (TFNs) – Employers' Responsibilities

Employer's responsibility Although the Commonwealth's tax surcharge (see above) is aimed at 'higher income' earners, the surcharge may also be payable by lower income earners if their superannuation scheme does not have their TFN.

It is important therefore that you promptly forward on to SAC the TFNs provided by your employees in Tax File Number declaration forms, where this action has been authorised by the employee, that is, where the employee has answered 'Yes' at question 2 on that form.

8. Forms

There is a specific form to cover most types of employment and scheme exit. Other forms request information from employers required for the administration of member and employer records and accounts. A full list of PSS forms is attached at *Appendix A - PSS Forms Guide on page 27*.

Generally, both the employer and employee complete their respective parts of each form before a benefit application can be processed. Explanatory notes on the forms provide guidance to members and employers in how to correctly fill in each form.

In this section This section contains the following topics:

8.1 NOTES TO ASSIST EMPLOYERS IN COMPLETING FORMS	24
(A) <i>Member Exits</i>	24

Note Please note that in the case of employee exit due to:

- resignation, dismissal or discharge
- retirement (normal, early or invalidity),
- retrenchment, or
- death,

The employer must complete and send to SAC, an *Advice of member ceasing employment* form (PSS 609)

How to re-order forms Please complete the special re-order form and forward it to SAC when bulk supplies of STC forms are required. Should urgent supplies of PSS forms be needed, please contact your Employer Relationship Manager.

The information provided in section *11.1 Notes to assist employers in completing forms* below, is intended to help employers understand the information that SAC requires to correctly process forms, pay benefits, and adjust member and employer records and accounts.

8.1 Notes to assist employers in completing forms

(A) Member Exits

The employer must complete and send to SAC, an *Advice of member ceasing employment* form (PSS 609)

DETAILS:

Mode of Exit - the employer is to indicate the manner of the employee's termination of service (ie. Age Retirement, Early Voluntary Retirement, Death, Ill-Health Retirement or Retrenchment). Where the mode of exit is Death, the employer should contact SAC's Customer Service by telephone as soon as possible to arrange assistance of claims to any surviving spouse and/or children, even if complete details are not available.

Date of Exit - this is the last day of service of the employee. Where the mode of exit is death, this date is to include all periods of accrued sick and recreation leave.

Salary and Contribution details - Attributed (full-time) salary (including any superannuable allowances) as at the date of exit - this is the full-time salary, or where part-time employees are concerned, it is the attributed full-time salary equivalent. All allowances for superannuation purposes are to be included in this figure. Where the employee was employed on a part-time basis at the date of exit, please also provide the part-time salary.

Date to which contributions have been or will be deducted - this is the last day of the pay period in which all superannuation deductions have/will cease. Where an amount is deducted manually (eg. from leave entitlements) please indicate the date on which the manual payment was made and the amount of that payment.

Amount deducted from salary since 30 June which last preceded the date of exit for:

Normal contributions - this is the total amount of contributions deducted from the member's salary, leave payments etc. by the employer which is to be remitted to SAC on behalf of the member since the end of the last financial year. Where the exit form is being completed prior to the last day of service and the member will exit in the next financial year, please also include as separate totals the contributions deducted for the financial year prior to that in which the exit date falls.

The amount of normal contributions is to include deductions made for normal units (ie. do not include reserve unit contributions), including any deductions made for arrears and/or manual payments.

Statement of Broken Service - this part of the form is to be completed by the employer if the employee has had any period of prior service. All service which has been recognised for the accrual of the employee's long service leave entitlements should be included in this space. All periods of prior service are to be shown separately.

Dates - From - this is the date(s) on which the employee commenced period(s) of service.

To - this is the date(s) of termination of a particular period of employment.

Period- Years, Months, Days - this is the total period of service. Both the date of commencement of employment and the last day of service are to be included. Fractions of a day are to be included where applicable.

Date where appropriate; benefit application form sent to Scheme member on - this is the date on which the relevant benefit application form was sent to the member. In the case of a Scheme member's death, it is not necessary to issue a benefit claim form to the surviving spouse unless a form is requested. SAC will issue a letter to the surviving spouse providing the necessary application forms and information.

Police Super Scheme – Medical Discharge	
General Overview	
Regional Office/PMO (NSW Police Service submission) Or PSS Member	<ul style="list-style-type: none"> Complete application form and send to Medical Discharge Coordinator (NSW Police Service)
Medical Discharge Coordinator (Surry Hills)	<ul style="list-style-type: none"> Gathers medical documents – reports from Police Medical Officer, Rehab & Workers Comp, etc. Makes current fitness recommendation – sends medical discharge application and associated paperwork to SAC.
SAC	<ul style="list-style-type: none"> Makes independent assessment – may refer to consultant specialist(s)/ in house medical advisor. Makes recommendation to PSAC
PSAC	<ul style="list-style-type: none"> Decides whether member is unfit for duty. Issues Certificate of Incapacity
SAC	<ul style="list-style-type: none"> Advises Medical Discharge Coordinator which members have been issued certificate of incapacity. Sends letter to member/legal representative advising of PSAC decision and if issued with certificate of incapacity, letter includes application for PSS benefit and associated forms
Employee Relations Directorate	<ul style="list-style-type: none"> Makes decisions as to whether member can be medically retired and nominates LDOS. Advises Police regional, salaries and worker comp areas.
Police – salaries	<ul style="list-style-type: none"> Send SAC PSS 609 form.
Police – workers comp	<ul style="list-style-type: none"> Advise SAC if member’s specified infirmity is classified as hurt on duty or not.
SAC	<ul style="list-style-type: none"> Pays benefit/ starts pension

Appendix A - PSS Forms Guide

The following table lists the PSS forms currently in use, when they are to be used, and the employer's responsibilities with regard to the forms.

Event	Number	Employer responsibility
Application for resignation or dismissal benefit	PSS 601	Used by PSS members to apply for resignation or dismissal. The Employer's declaration (Section 5) to be completed by the employer
Application for retirement benefit	PSS 602	Used by PSS members to apply for retirement benefits. The Employers declaration (Section 7) of this form to be completed by the employer.
Election by invalidity pensioners to commute pension to lump sum on 60 th Birthday	PSS 603	Used by PSS members to elect to commute their pension to a lump sum on their 60 th birthday. Can only be used by a member from the time they are 59.5 years old until they are 60.5 years old.
Directions for payment of an invalidity pension benefit	PSS 604	Used by PSS members to give directions for payment of an already approved invalidity pension benefit.
Used by PSS members to give directions for payment of an already approved invalidity pension benefit.	PSS 605	Used by PSS members to give directions for payment of an already approved invalidity lump sum benefit.
Application for an invalidity benefit	PSS 606	Used by PSS members to apply for an invalidity benefit.
Commutation of part hurt on duty pension	PSS 608	Used by PSS members to accept a PSAC offer of commutation of part of a hurt on duty pension to a lump sum.
Advice of members ceasing employment	PSS 609	Used by the Police Service to notify SAC of a PSS member ceasing employment.
Application for early release of a deferred benefit on grounds of severe financial hardship	STC 224	Used by former members of SASS/SSS/PSS & SANCS to apply for an early release of a deferred benefit on the grounds of severe financial hardship.
Application for early release of a deferred benefit on compassionate grounds	STC 225	Used by former members of SASS/SSS/PSS & SANCS to apply for an early release of a deferred benefit on the grounds of severe financial hardship.
		<i>Continued on the next page</i>

Event	Number	Employer responsibility
Certificate of enrolment in full time study	STC 226	Used by the parent or guardian of the child over 18 of an SSS or PSS member (and some SASS members) who died whilst receiving a pension from the scheme to apply for payment of pension benefits for the child. This form has to be completed with the child's full time study details.
Certificate of incapacity	STC 227	Used by members to prove their eligibility to have their superannuation benefit taxed as an invalidity payment and./or to receive payment of an otherwise compulsorily preserved benefit.
Application to roll-over Preserved Basic Benefit and Police Contributory Entitlement	N/A	Used by members to apply to roll-over their preserved Basic Benefit and Police Contributory entitlements.
Re-order Form		To be completed as required.

Appendix B – Annual Update Specifications

In addition to the PSS salary file, SAC requires 2 files each year to provide:

1. Work location codes and addresses.
2. The work location of each Police Superannuation Scheme member.
This information is requested in July each year.

Salary File Layout

	Field Name	Length	Format	Position
1.	Surname	30	A <i>(eg Smith)</i>	1-30
2.	Given Names (In full)	50	A <i>(eg John Alexander)</i>	31-80
3.	Payroll	7	N <i>(eg 0024128)</i>	81-87
4.	Contribution YTD	7	N (2 decimal points implied) <i>(eg 0003343.28)</i>	88-94
5.	Salary (i.e. Attributed Salary)	8	N (2 decimal points implied) <i>(eg 59804.00)</i>	95-102
6.	Effective Date	8	CCYYMMDD format <i>(eg 20010803)</i>	103-110
7.	Contribution Rate	6	(2 decimal points implied) <i>(eg 6.00)</i>	111-116

Work Location Layout

	Field Name	Length	Format	Position
1	Payroll	7	N (eg 0024128)	1 - 7
2	Surname	30	A (eg Smith)	8 - 37
3	Given Names (In full)	50	A (eg John Alexander)	38 - 87
4	Date of Birth	8	CCYYMMDD format (eg 20010803)	88 - 95
5	Location Code	4	N (eg MO33) *see below	96 - 99
6	Filler	5	A (eg XXXX)	100 - 104

***Location Code**

Data is in CSV format file.

Field Name	Data Type
Loc	Text (eg MO33)
Station	Text (eg The Sample Hills LAC)
Addr1	Text (eg The Sample Hills Police Station LAC)
Addr2	Text (eg 20 Sample Street)
Addr3	Text
Addr4	Text (eg Sample Hills)
Postcode	Text (eg 2154)

