STATE SUPER
SAS Trustee Corporation

SASS
FACTSHEET 6

Salary for Superannuation Purposes

Why is my superable salary important?

Your superable salary is very important because it influences the amount of personal contributions you pay to SASS and the benefits you receive from the Scheme, especially the employer-financed benefits.

Your employer-financed benefits are calculated using your final salary or final average salary. These terms mean:

- **final salary:** the amount of salary for superannuation purposes, paid or payable on your exit date
- **final average salary:** the average of the salaries for superannuation purposes, paid on your exit date and the two preceding annual review days (31 December).

Each of the SASS Fact Sheets that describe benefit payments specify which salary figure is used to calculate a specific benefit.

Your superable salary is also important if you are eligible to receive additional employer contributions (AEC), as these are based on the superable salary reported by your employer on your last Review Day.

When is my superable salary assessed?

Your employer is required to report to the Scheme administrator, Mercer, the annual superable salary being paid to you on 31 December each year.

Your employer is also required to report the superable salary figure payable to you on the last day of your employment. Any retrospective salary increase paid after your exit must also be reported so that your benefit entitlements are correctly assessed. You should contact your employer if you disagree with any salary/ies provided.

What is my superable salary?

Your superable salary is your annual (base) salary, plus certain allowances and payments.

Allowances that may be classed as superable salary include those allowances payable in money that are of the kind included within the value of leave (annual leave and long service leave) payable upon termination of employment. However, please note that the actual payments for unused leave upon termination of employment are **not** included as superable salary. Some allowances and payments are specifically excluded – examples include overtime, bonuses, expenses and travelling allowances. Relieving or higher duties allowances are also *excluded* from your salary, except where the allowance has been paid or is expected to be paid for a continuous period of one year.

Do shift allowances count?

A loading may be added to your superable salary to take account of shift allowances received in a year, provided a minimum number of shifts (105) is deemed to have been worked. The loading is calculated by your employer according to a formula that takes into account the number of hours worked in the shifts.

What about workers compensation payments?

Weekly workers compensation payments are included in the superable salary figure, provided your normal salary figure is not exceeded.

Can salary sacrifice (non-cash) benefits be included?

The value of any approved employment benefits received may also be counted towards your superable salary. These are non-cash benefits, provided to employees through salary-sacrifice arrangements, that have been approved for inclusion in superable salary by the Minister with the concurrence of the NSW Treasurer.

Examples include child care, motor vehicle (private usage component), or superannuation contributions made from before-tax salary.

The range of approved employment benefits available to employees varies between different employment groups. You should check with your employer to confirm the particular benefits that you may elect to receive on a salary-sacrifice basis. Your employer must determine the value of approved employment benefits for inclusion in the superable salary figures reported to Mercer.

What if I make some or all of my personal contributions by salary sacrifice?

Making salary-sacrifice contributions does not affect the superable salary on which we base your contribution calculations. If you are making some or all of your personal contributions by salary sacrifice, the salary advised by your employer each year will not be reduced by the amount you have chosen to pay by salary sacrifice. The superable salary advised will be the same as would be advised if your contributions were not being paid by salary sacrifice.

How does leave without pay affect my superable salary?

If you are on ordinary leave without pay at the annual review day of 31 December, the superable salary figure that your employer reports is the amount you would have been paid had you not been on leave without pay on that day. This salary figure will include any pay increases that you would have been receiving had you not been on leave without pay.

Similarly, for prescribed leave without pay e.g. due to ill-health, maternity leave, or secondment to another SASS employer, the salary figure reported is the figure which would have been payable if you had not been absent from your employment. (Note: subject to conditions. In certain cases of secondment to a non-SASS employer, the salary figure on which contributions and benefits may be based is the figure payable by the other employer during the secondment).

If you take a period of leave without pay on a part-time basis, the part-time employment conditions apply (see below).

What about part-time employment?

In this case, the employer reports both the annual part-time salary and the full-time equivalent salary. That is, the salary that would be payable if you held an equivalent full-time position. The reason both salary figures are reported is so that your benefit accrual can be correctly scaled down for the period of part-time service.

How does purchased leave affect my superable salary?

If you enter into a Purchased Leave Agreement with your employer, you will have your annual salary adjusted commensurate with the number of leave days purchased. That is, you will have a new purchased leave rate of pay.

For members employed in NSW Public Service Departments or Agencies the salary rates will be based on the following:

- For the purchase of 20 additional days per year (4 weeks), the new salary rate will be 92.3% (48/52) of the ordinary salary rate or pro-rata equivalent.
- For the purchase of 10 additional days per year (2 weeks), the new salary rate will be 96.15% (50/52) of the ordinary salary rate or pro-rata equivalent.

Where a Purchased Leave Agreement is in operation, on your annual review day or at exit your employer will report your purchased leave salary for that year, i.e. the reduced salary, as your superable salary. Your contributions and benefits will therefore be based on the reduced salary.

Where a Purchased Leave Agreement is terminated, your salary is adjusted and the revised salary will be reported by your employer as your superable salary on the next annual review day or at exit. This means that contributions and benefits will then be assessed on the higher salary.

Members may wish to seek financial advice prior to entering into a Purchased Leave Agreement.

Fact Sheets about related topics:

SASS Fact Sheet 5:	*Retirement Benefit*
SASS Fact Sheet 7:	*Invalidity Benefit*
SASS Fact Sheet 8	*Death Benefit*
SASS Fact Sheet 9:	*Retrenchment Benefit*
SASS Fact Sheet 10:	*Resignation (withdrawal) Benefit*
SASS Fact Sheet 13:	*Optional Deferred Benefit*
STC Fact Sheet 10:	*Basic Benefit*
STC Fact Sheet 20:	*SANCS Additional Employer Contributions (AEC) Account*

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More information

If you need more information, please contact us:

Telephone: **1300 130 095** (for the cost of a local call, unless calling from a mobile or pay phone)
8.30 am to 5.30 pm, Monday to Friday.

Personal interviews: Please phone 1300 130 095 to make an appointment.

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