# Contributions and Superable Salary

## Contributions

As a member of the Police Superannuation Scheme (PSS), you make personal contributions equal to 6% of your annual Salary of Office (superable salary). Contributions are deducted from your superable salary each fortnight by the Police Service and paid into PSS. When your superable salary changes, the amount of contributions deducted is adjusted to 6% of the new salary level.

Most PSS benefits are based on your length of service. Periods of time when you do not contribute to PSS do not count as service. These are described later in this Fact Sheet.

## Members aged between 65 and 70

You may continue to accrue superannuation benefits in PSS between the ages 65 and 70.

However, once you reach age 65 you can choose to exit from the Scheme while still working and either receive payment of your accrued benefit immediately or leave it deferred within the scheme (as a lump sum only), for payment at a later date. The deferred lump sum is adjusted for investment earnings and management charges up to the date of payment.

If you do exit from your current scheme before retirement, your employer will still be required under Commonwealth legislation to pay superannuation guarantee contributions to a scheme on your behalf. The current level of these contributions is 11% of salary, and these will be paid to another complying superannuation fund of your choice.

Once a person reaches age 70 no further contributions can be accepted and benefits cease to accrue.

## Does my employer also contribute?

Yes – your employer also makes regular contributions to PSS to fund its liability for the employer-financed part of your PSS benefit and the Basic Benefit. The larger share of benefit payments made to members and their dependants is funded by employer contributions.

## Additional Employer Contributions

Your employer is required to make additional superannuation contributions to PSS if you are eligible to receive additional employer contributions (AEC). You will be eligible to receive the AEC if:

- your employment is subject to the NSW public sector wages policy, including the 2.5% wages cap, and
- the increases in the Superannuation Guarantee (SG) rate were included in the 2.5% wages cap that applied to any increase in your remuneration since 1 July 2013.

Some members in PSS, such as those who work for the NSW Police Association, are not subject to NSW public sector wages policy, so they are not eligible for AEC. Other members who are subject to wages policy but whose remuneration is paid under an award that did not include the SG increase in the remuneration increase will also not be eligible for the period that the relevant award is in place.

In June 2016, AEC accounts were established for members who were eligible to receive an additional employer contribution from 1 July 2013 to 31 May 2016. The opening balance was calculated at the rate of 0.25% of their superable salary for the period 1 July 2013 to 30 June 2014 and 0.5% from 1 July 2014 until 31 May 2016, less 15% contributions tax, plus the investment earnings that would have been earned on the account had the account been in place from 1 July 2013. Since 1 June 2016 additional employer contributions have been paid by employers each month (when eligible) and credited to member accounts.

For more information on the AEC, refer to STC Fact Sheet 20: *SANCS additional employer contributions (AEC) account.*

## Your superable salary — what counts for contributions and benefits?

Your superable salary is your ordinary annual (base) Salary of Office for your rank and position. It 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.

Where a PSS 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 before the reduction.

## Can salary sacrifice (pre-tax) payments be included in superable salary?

Yes, salary sacrifice payments can be made from your superable salary. Salary sacrifice enables employees to make before tax payments from their salary, including contributions to a superannuation fund. This means they sacrifice part of their salary by not having it paid to them in cash. The sacrificed amount is paid as an employer contribution to a superannuation fund and, as such, it is not subject to income tax payable by the member. It is subject to the superannuation contributions tax when received by the Fund, and benefit tax at the time of payment. We recommend you seek professional financial advice about making salary sacrifice contributions.

## Reportable employer superannuation contributions

Since 1 July 2009, salary sacrifice contributions are Reportable employer superannuation contributions. Reportable employer superannuation contributions are not subject to income tax, but are taken into account by the Australian Taxation Office when determining certain benefits, such as Commonwealth Government co-contributions.

### Can I salary sacrifice my compulsory personal contributions to PSS?

Yes, members of PSS have the option to pay their compulsory personal contributions to PSS as salary sacrifice contributions.

Provided your employer agrees, you can choose to pay your 6% compulsory personal contributions to PSS:

- entirely from your before-tax salary (salary sacrifice)
- entirely from your after-tax salary (no change to standard contributions payment)
- from a combination of before-tax and after-tax salary.

Salary sacrifice is not compulsory. If you wish, you can continue to pay your 6% compulsory personal contributions from your after-tax salary.

### What about additional salary sacrifice contributions?

Any additional salary sacrifice or non-concessional contributions you make must continue to be paid into another superannuation scheme of your choice. PSS is not able to accept these additional contributions.

If you are considering making additional contributions, you should be aware that there is a cap on the amount of contributions that can be made on a concessionally taxed basis. Additional tax is payable on contributions in excess of these caps. Further information on the contribution caps can be found in PSS Fact Sheet 16: *Contribution Caps and Your Total Superannuation Balance.*

The value of a benefit that you receive through a salary sacrifice arrangement with your employer may be included in your superable salary to determine your contributions and benefits in PSS, providing the benefit in question is an approved employment benefit. An approved employment benefit is one that has been approved for inclusion in superable salary by the Minister responsible for NSW public sector superannuation. Superannuation contributions made on a before-tax basis are an approved employment benefit for superable salary purposes.

Your employer will be able to arrange salary sacrifice contributions for you, advise what other non-tax benefits are available, and whether those benefits qualify as approved employment benefits for superable salary purposes.

## What happens if I take leave without pay?

Generally, you must continue paying your personal superannuation contributions into PSS for the first three months of a period of ordinary leave without pay. Therefore, only the first three months leave count as service for benefit purposes. Any period in excess of three months does not count as service and you cease making contributions.

Periods of special leave are an exception to this rule; these include unpaid sick and maternity leave. In these cases, contributions are payable during the whole period of leave, subject to a maximum payment period of two years. The period of special leave during which contributions are payable counts as service.

Male or female members on authorised leave without pay for the purposes of raising children may retain membership of PSS for up to seven years, even if they are not paying contributions.

Authorised leave without pay is leave approved by your employer or authorised by an industrial award or agreement. **You must ensure you have a statutory or contractual right to resume employment at the end of authorised leave if you wish to retain PSS membership**.

The *Police Regulation (Superannuation) Act 1906* provides that any contributions which are due for payment but remain unpaid following a period of leave may be deducted from the member's salary or scheme benefits. Special rules apply to leave without pay taken on a part-time basis which is **not** special leave without pay. See the section on "What about part-time employment?".

## What about part-time employment?

Your superannuation contributions during a period of part-time employment are based on your actual part-time salary. Service for benefit purposes accrues on a pro-rata basis. This is 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.

Where leave without pay is taken on a part-time basis, superannuation contributions deducted from your part-time salary are made at the rate of 6% of your:

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. Your 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, contributions are deducted from your salary at the part-time rate. Service also accrues on the part-time basis.

## Fact sheets about related topics:

PSS 16: *Contribution Caps and Your Total Superannuation Balance*

24/10/2023

## More information

If you need more information, please contact us:


**Telephone:** **1300 130 097** (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 130 097 to make an appointment.

**Postal address:** State Super, GPO Box 2181, Melbourne VIC 3001

**Internet:** www.statesuper.nsw.gov.au

**Email:** enquiries@stc.nsw.gov.au