

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 SSS and the amount of benefits you then receive. Your contributions and benefit entitlement are based on the number of units to which you are entitled. The higher your superable salary, the more units you receive.

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 Mercer the (annual) superable salary being paid to you on a specific day during the year. This day is known as your annual review day. If your birthday occurs from 1 January to 30 June, your Annual Review Day is 28 July. If your birthday occurs from 1 July to 31 December, your Annual Review Day is 9 February.

Your employer is also required to report the superable salary figure payable to you on the last day of your employment and it is this salary that determines the benefit paid to you. Any retrospective salary increase paid after your exit from employment must also be reported, so that benefits and contributions 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.

The State Superannuation Scheme (SSS) is administered by Mercer Administration Services (Australia) Pty Ltd on behalf of the Trustee, SAS Trustee Corporation (STC). SSS is governed by the *Superannuation Act 1916*, the *State Authorities Non-contributory Superannuation Act 1987* and the *Superannuation Administration Act 1996*. The scheme is also subject to Commonwealth superannuation and tax legislation.

STC has published this fact sheet. STC is not licensed to provide financial product advice in relation to SSS.

Reasonable care has been taken in producing the information in this fact sheet and nothing in it is intended to be or should be regarded as personal advice. If there is any inconsistency between the information in this fact sheet and the relevant scheme legislation, the scheme legislation will prevail. In preparing this fact sheet, STC has not taken into account your objectives, financial situation or needs. You should consider your personal circumstances and possibly seek professional advice, before making any decision that affects your future.

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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?

Please refer to the "Leave without pay and secondment" section on page 3 of SSS Fact Sheet 3: *Contributions*.

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 why both salary figures are reported is to enable your unit entitlement (and therefore contributions and benefits) to 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.

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

SSS 2: *Unit entitlement*

SSS 3: *Contributions*

More information

If you need more information, please contact us:

Telephone: **1300 130 096** (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.

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