



Changing from full-time to part-time

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What you should know upfront

It is important that you read the disclaimer below. Before making any decisions, please read the **PSS Product Disclosure Statement (PDS)** and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

Financial advice for your needs and goals

Obtaining professional advice from an experienced financial planner can help you reach your financial goals.

CSC's authorised financial planners provide 'fee for service' advice, which means you receive a fixed quote upfront. There are no obligations, commissions or hidden fees.

To arrange an initial advice appointment please call **1300 277 777** during business hours.

Who should read this?

PSS members who are considering reducing their working hours from full-time to part-time. It may also provide some useful information to existing part-time PSS members.



Public Sector
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Why would I consider changing to part-time employment?

There are many reasons why you might change to part-time employment. Some common reasons include wanting to spend more time with your family (especially raising children), phasing your retirement, or for health reasons.

There is a misconception that PSS acts as a barrier to working part-time or phasing your retirement. This is generally not the case. If you are thinking about reducing your hours, talk to your employer about the possibility of working part-time in your organisation.

This factsheet will give you an understanding of the effect of part-time work on your PSS super.

Going part-time because of ill-health

If you have to reduce your working hours because of a medical condition that is unrelated to compensation payments, you may be entitled to a partial invalidity pension. You can get more information about partial invalidity pensions from your employer.

If you reduced your hours because of a medical condition and a partial invalidity pension was granted, your benefit accrual would continue at the full-time rate despite the fact that your contributions would be at the part-time rate.

How does this affect my super?

The effect on your contributions

If you become a part-time employee there is no effect on your fortnightly contribution rate until your next birthday. At that time, we work out your contribution rate similarly to if you were contributing on a full-time basis. However, your contributions would be reduced pro-rata according to the number of hours you are approved to work on your birthday.

The effect on my benefit

PSS is a defined benefit scheme and benefits are based on a number of factors, including your length of membership, your salary and your rate of contribution.

To work out your benefit, you must first work out your Final Average Salary (FAS). This is generally the average of your salaries on each of the three birthdays before you leave PSS. The salaries used are always the full-time equivalent and your FAS will not be reduced if you were to go part-time.

Then, you multiply your FAS by your benefit multiple. Your benefit multiple accrues according to your rate of contribution. Your benefit multiple actually grows each fortnight with each contribution you make.

The following table shows the different benefit multiples that apply to different rates of contribution.

Example

Maria, a full-time employee is receiving a salary for superannuation purposes of \$45,361.

She is paying 7% of this in contributions to PSS. Her contribution rate is worked out as follows:

$$\$45,361 \div 26 \times 7\% = \$122.13 \text{ per fortnight}$$

Maria becomes a part-time employee and works 50 of her normal 73.5 full-time hours for the position.

Her contributions are worked out as follows:

Step 1: Work out the full-time contribution

$$\$45,361 \div 26 \times 7\% = \$122.13 \text{ per fortnight}$$

Step 2: Pro-rata the contribution according to the approved part-time hours

$$\$122.13 \times 50 \div 73.5 = \$83.08 \text{ per fortnight}$$

Contribution rate (% of salary)	Annual accrual rate (if under 10 years)	Annual accrual rate (if over 10 years)
0%	.11 x FAS (or 11% of FAS)	.11 x FAS (or 11% of FAS)
2%	.15 x FAS (or 15% of FAS)	.15 x FAS (or 15% of FAS)
3%	.17 x FAS (or 17% of FAS)	.17 x FAS (or 17% of FAS)
4%	.19 x FAS (or 19% of FAS)	.19 x FAS (or 19% of FAS)
5%	.21 x FAS (or 21% of FAS)	.21 x FAS (or 21% of FAS)
6%	.22 x FAS (or 22% of FAS)	.23 x FAS (or 23% of FAS)
7%	.23 x FAS (or 23% of FAS)	.25 x FAS (or 25% of FAS)
8%	.24 x FAS (or 24% of FAS)	.27 x FAS (or 27% of FAS)
9%	.25 x FAS (or 25% of FAS)	.29 x FAS (or 29% of FAS)
10%	.26 x FAS (or 26% of FAS)	.31 x FAS (or 31% of FAS)

So, in Maria's case, as a full-time employee, if she elected to pay contributions at a rate of 7% over a 12-month period, her benefit multiple for a year would be 0.25 of her FAS.

Going part-time does not affect any benefit multiple that you accrued while a full-time contributor. It may affect any future multiple accrual though.

Benefit accrual for permanent part-time employees

If you were to go part-time, your ongoing multiple accrual from your next birthday would be reduced pro-rata according to the approved hours worked on your next birthday. The reduction does not apply to the multiple you had already accrued before your next birthday.

The following formula would be used to calculate your part-time multiple accrual:

$$\text{Benefit multiple} \times \frac{\text{part-time hours}}{\text{full-time hours}}$$

Therefore, if Maria's part-time hours (as approved at her last birthday) were 50 hours a fortnight, and her full-time hours for that position were 73.5 hours per fortnight, the yearly multiple accrual would be:

$$0.25 \times 50 \div 73.5 = 0.17$$

Calculation of benefit multiple

The following examples show the effect that working part-time has on the accrual of your benefit multiple. Maria retires after 30 years' membership. Her FAS is \$45,361.

In Example 1, Maria worked full-time for the length of her membership. During this period she contributed 5% for 10 years, 6% for 15 years and 7% for five years.

In Example 2, Maria worked full-time for 25 years, contributing at rates of 5% for 10 years and 6% for 15 years. She also worked part-time (50 hours per fortnight) for five years, during which time she paid 7% in contributions.

Maria's lump sum benefit would be worked out as follows:

Example 1

$$10 \text{ years} \times 0.21 \text{ (see table above)} = 2.10$$

$$15 \text{ years} \times 0.23 \text{ (see table above)} = 3.45$$

$$5 \text{ years} \times 0.25 \text{ (see table above)} = 1.25$$

Total Benefit Multiple = 6.80

$$6.80 \times \$45,361 \text{ (FAS)} = \$308,455$$

Example 2

$$10 \text{ years} \times 0.21 = 2.10$$

$$(15 \text{ years} \times 0.23) = 3.45$$

$$5 \text{ years (part-time)} \times 0.17 = 0.85$$

Total Benefit Multiple = 6.40

$$6.40 \times \$45,361 \text{ (FAS)} = \$290,310$$

Does going part-time affect invalidity and death benefits?

In PSS, you generally have automatic invalidity and death cover. In some situations, you can also purchase additional death and invalidity cover.

Your automatic cover consists of your current benefit accrual plus a prospective element that is calculated as if you had continued to contribute until your 60th birthday. Going part-time may reduce the prospective element of your death and invalidity benefit in addition to the reduction in your ongoing accrual.

What options do I have?

As a part-time employee, you can elect to change your contribution rate in the same way as you can when you are a full-time employee. However, you cannot elect to continue paying full-time contributions.

If you are reducing your hours due to health reasons, you may be entitled to a partial invalidity pension. You will need to talk to your personnel section to discuss this option.

What do I need to do?

If you would like to reduce the hours that you are working, contact your employer for more information.

If you do go part-time, there is nothing you would need to do in relation to your PSS super. Your employer will provide details of your part-time hours and we will automatically reduce your contributions from your next birthday provided that you are still working part-time.

As contributions would remain at the full-time rate until your next birthday, you may wish to reduce your rate of contributions to give you a little more take home pay. Remember though, that any reduction in the rate of your contributions affects the amount of multiple that you are accruing.

How can I get more information?

The PSS website also has the i-Estimator.

The i-Estimator is a handy online tool that enables you to estimate your future super benefits.

You will need to have your Access Number

* to use the i-Estimator.

* To get an Access Number, call us on **1300 000 377** and we can provide one over the phone.



EMAIL members@pss.com.au

PHONE 1300 000 377

FAX (02) 6275 7010

MAIL PSS
GPO Box 2252
Canberra ACT 2601

WEB csc.gov.au



Email
members@pss.gov.au



Phone
1300 000 377



Financial Advice
1300 277 777



Post
PSS
GPO Box 2252
Canberra ACT 2601



Web
csc.gov.au



Overseas Callers
+61 6275 7000



Fax
(02) 6275 7010