Australian Government
Commonwealth Superannuation Corporation

AWOTE index changes and what it means

This message is primarily for those who look after super salary birthday reviews, but this information may be useful for anyone in an HR advice role.

You may have noticed that the new AWOTE index was published at the end of February. This index is updated by the Australian Bureau of Statistics twice a year.

For the first time in almost 30 years, the AWOTE index has dropped (from the previous index in August).

We've outlined the approaches to super salary reviews for employees we know will be impacted by this AWOTE decrease. An important takeaway is that it doesn't impact everyone. For example, PSSap customers whose super salary is calculated using the Ordinary Times Earning (OTE) method aren't mentioned because they're unaffected.

CSS Customers

Scenario 1	Scenario 2
• Customer's birthday is between 13 August 2020 and 24 February 2021 (inclusive), AND • They're retiring between 25 February 2021 and 18 August 2021 (inclusive), AND • Their super salary is being indexed by AWOTE due to a salary reduction that occurred on or before 12 August 2020.	• Customer's birthday is between 13 August 2021 and 18 August 2021 (inclusive), AND • Their super salary is being indexed by AWOTE due to a salary reduction that occurred on or before 12 August 2020.
What might happen: the exit salary you calculate using the AWOTE calculator might show a lesser amount than what you reported on the last birthday.	What might happen: at the 2021 birthday review, the super salary you calculate using the AWOTE calculator might show a lesser amount than what you reported on the last birthday.
What you should do: report the previous birthday's super salary which should be higher than what you've calculated at exit. However, if the AWOTE calculator's result is higher than the previous birthday, report this higher salary.	What you should do: report the previous birthday's super salary which should be higher than what you've calculated at the 2021 birthday review. Make sure you report it with a 2021 review date. If the AWOTE calculator's result is higher than the previous birthday, report this higher salary.
What we'll do: if needed, we'll calculate the customer's benefit using the previous birthday's super salary as their exit salary.	What we'll do: nothing for this scenario.

PSS and PSSap FCS customers

Scenario 1 - PSS only	Scenario 2 - PSS and PSSap (FCS)
• PSS customer's birthday is between 13 August 2020 and 24 February 2021 (inclusive), AND • They're being made redundant between 25 February 2021 and 18 August 2021 (inclusive), AND • Their super salary is being indexed by AWOTE due to a salary reduction that occurred on or before 12 August 2020.	• PSS and PSSap FCS customer's birthday is between 13 August 2021 and 18 August 2021 (inclusive), AND • Their super salary is being indexed by AWOTE due to a salary reduction that occurred on or before 12 August 2020.
What might happen: the exit salary you calculate using the AWOTE calculator might show a lesser amount than what you reported on the last birthday.	What might happen: at the 2021 birthday review, the super salary you calculate using the AWOTE calculator might show a lesser amount than what you reported on the last birthday.
What you should do: report the lower super salary you've just calculated on the departmental report. Under the PSS legislation, we aren't able to accept the previous birthday's super salary. However, if the AWOTE calculator's result is higher than the previous birthday, report this higher salary.	What you should do: we're still looking into this scenario and will let you know what you should do once we've got a plan in place. However, if the AWOTE calculator's result is higher than the previous birthday, report this higher salary.
What we'll do: review your employee's super salaries and potentially use a different super salary (such as the previous birthday's super salary) in lieu of the lower super salary. We'll need to make a decision for each individual we're using a	What we'll do: as we've mentioned above, we're still working through this scenario, so you'll hear from us about this again once we've got more to share.

different super salary for when it's time to calculate their final average salary.

This review might delay us slightly when processing a customer's benefit application form, so if you can send through the departmental report as soon as possible we'd really appreciate it.

The decrease is a new territory for us. If you've got a situation that doesn't fit any of the above scenarios, and the AWOTE calculator is giving you a lower super salary than what you reported at the last birthday, please reach out so we can work together to find the right way forward.

If you have any questions, don't hesitate to get in touch. If you'd like more information about why the AWOTE has dropped, we recommend reading the ABS' article about the latest AWOTE.

Kind regards,

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