



# Super salary and PSS

## This factsheet is for...

This factsheet is for contributing PSS members who want to understand:

- how their salary is calculated for super purposes; and
- the effect this has on their contributions and benefit.

## Background

Your super salary is the salary we recognise for super purposes, but it may be different to your actual pay. Super salary affects the amount of member and productivity contributions that you and your employer pay each fortnight. We refer to this as your 'contribution salary'. Your member contributions are either 0%, or a whole percentage between 2% and 10% of your fortnightly contribution salary. Your productivity contributions are either a fixed amount or a percentage of your fortnightly contribution salary. Your super salary also determines your Final Average Salary (FAS), which is one of the factors used to calculate your Defined Benefit.

## Before you read this factsheet...

Any financial product advice provided in this factsheet is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation and needs. You may wish to consult a licensed financial advisor. You should obtain a copy of the **PSS Product Disclosure Statement (PDS)** and consider its contents before making any decisions regarding your super.

## What is in this factsheet?

- What is included in my super salary?
- Why is it different to my actual rate of pay?
- What if I don't work full-time?
- When is my super salary reported?
- What happens if my salary is reduced?
- How does my super salary affect my contributions?
- What if I'm receiving a Partial Invalidity Pension (PIP)?
- How does my super salary impact my Defined Benefit?
- Where can I get more information?



Public Sector  
Superannuation  
Scheme

## What is included in my super salary?

Your super salary is the full-time equivalent of your annual rate of pay, including any recognised allowances. If you're employed under a collective agreement such as an Enterprise Agreement, your super salary is generally the amount stated in the agreement. If you're employed under an individual agreement, your super salary is generally the amount stated, excluding super. However, under individual agreements, you and your employer may agree on how your super salary is calculated.

If you're employed under an arrangement that specifies your total remuneration rather than your super salary, you should contact us for more information about how your super salary is calculated.

## Why is it different to my actual rate of pay?

Some payments or allowances that you receive may not count towards your super salary. For example, additional payments such as overtime, accommodation or travel expenses aren't included. For this reason, your super salary may be less than what is shown on your payslip or income statement (payment summary).

It is also possible for your super salary to be more than your actual pay. This may be the result of an agreement between you and your employer, or salary maintenance being applied to your super salary. For more information about salary maintenance, see 'What happens if my salary is reduced?' below.

## Allowances

Allowances are payments made to employees in recognition of particular skills, qualifications, working conditions or extra duties performed. Some allowances are automatically included in your super salary. Others are only counted if you've received, or are likely to receive, them for a continuous period of at least 12 months. These are known as 'qualifying allowances'. The following table includes examples of automatic allowances, qualifying allowances and allowances that aren't counted as super salary.

Automatic allowances	Qualifying allowances	Allowances not counted
Those payable for having a particular skill or the acquisition of a particular standard of proficiency in a work related skill, such as first aid allowance.	Those payable for temporarily performing the whole or part of the duties of an office of a higher classification (higher duties allowance).	Expense of office allowances
Those payable for recognition of length of service or standard of efficiency attained.	Those payable to a member who is liable to be called upon to perform duty at any time, such as on call allowance.	Travel allowances
	Those payable to a member for being in charge of staff, equipment or premises.	District allowances
	Those payable in lieu of overtime or extra duty.	Clothing allowances
		Bonuses or performance pay

## Shift allowance

Shift allowance (also known as shift penalties) can be included in your super salary if you've met certain requirements. You must have been a PSS member for at least 12 months, and shift allowance must have been payable to you on a 'regular basis' during the previous year. Shift allowance is considered to have been paid on a regular basis if it was payable for at least 75% of pay periods\* in any 12 month period. If shift allowance is payable during a period of leave, the leave will form part of the period under consideration. Any pay periods where shift allowance isn't payable during leave will be disregarded for the purpose of establishing 'regular basis'.

If you've met the qualification requirements for shift allowance to be included in your super salary, your super salary is calculated as the lower of either:

- the highest amount payable for a pay period during those 12 months multiplied by the number of pay periods in the last 12 months that you received shift allowance; or
- your annual salary payable, excluding any shift allowance, plus the total amount of shift allowance payable to you for the included pay periods over the previous 12 months. If your shift allowance rate changes at all throughout the 12 month period, the last applicable rate would be considered to have been payable for the whole year.

\*A pay period is generally the time beginning at the start of a payday and ending immediately before the start of the next payday. This may be shorter if you re-join PSS on any day that's not a payday, or cease membership on any day that's not the day immediately before the next payday.

### Example

*If the rate for evening shift increased from 15% to 20% midway through the 12 month period, the rate of 20% would be considered payable for all evening shifts performed during the period.*

In order for your shift allowance to be recognised for super purposes, your employer must complete an **S17S Certificate in respect of shift allowance**. This will be kept on your personnel file and provided to CSC along with your benefit application on cessation of your membership.

## What if I don't work full-time?

If you're employed on a part-time basis your super salary is based on the full-time equivalent salary. Your contributions and benefit multiple growth are reduced based on the ratio of part-time hours that you worked on your last birthday to the full-time equivalent hours for that position.

### Example

*Tim works 60 hours per fortnight instead of the full-time 76 hours per fortnight. If the full-time equivalent super salary is \$70,000 Tim's part-time annual contribution salary is:*

$$\$70,000 \times 60 \div 76 = \$55,263.16$$

*Tim's fortnightly contribution salary, used to calculate his member and productivity contributions is:*

$$\$55,263.16 \div 26 = \$2,125.51$$

Any shift allowance that's recognised as super salary for part-time PSS members is reduced in line with the same ratio of their part-time hours worked to full-time hours in the previous 12 months.

## Casual employees

If you're employed on a casual (non per diem) basis, the super salary reported for you each year is a notional salary. It's the salary that would be payable if you were employed on a full-time basis, and received an annual salary based on your hourly rate of pay. Your contributions and benefit multiple growth are based on your earnings each fortnight. This means that any increments, pay increases, leave without pay (LWOP) and other changes in earnings have an immediate effect on your contributions (not just at each birthday). The notional full-time equivalent salary which is reported each year on your birthday determines your FAS.

## Per diem employees

Per diem means 'for each day'. Per Diem employees are paid a fixed daily rate for holding a particular office or position such as serving as a member of a board. The super salary that is reported for per diem employees is notional, based on the amount earned in the previous 12 months, or an estimate of your expected earnings if you've been employed for less than a year. Your FAS is determined by the notional salary reported each year on your birthday.

## When is my super salary reported?

Your super salary (or notional salary for casual members) is reported to CSC by your employer:

- on commencement or re-commencement of PSS contributory membership;
- each year on your birthday\* whilst you're a contributing member, even if there are no changes;
- if your employment status changes from regular (full-time or part-time) to casual or vice versa; and
- if you cease contributory membership due to redundancy.

\*Salary changes that are payable on or before your birthday are included in the reported salary, even if they aren't approved until after your birthday.

The super salary reported on your annual statement may be different to what you're currently receiving. This is because the salary shown on your statement reflects your super salary as at 30 June, and won't include any subsequent changes.

We regularly check our records to identify any reporting errors. We can backdate your super salary updates, but these corrections may result in short or over paid contributions.

If your member contributions are short paid at the time you cease contributing to PSS membership, the arrears will be recoverable from any benefits that become payable in future. If your member contributions are overpaid, we'll refund the overpaid amount before determining your final defined benefit payable.

## What happens if my salary is reduced?

Your super salary can never be lower than a previously reported salary. For super purposes your higher salary will be maintained if you're a full-time or part-time employee and your hourly rate of base salary and recognised allowances decreases.

This higher salary, known as your 'maintained salary', will be used until your actual salary catches up to your maintained salary. Your maintained salary will be adjusted in line with Average Weekly Ordinary Time Earnings (AWOTE), a measure of average earnings in Australia at a particular point in time, published twice a year by the Australian Bureau of Statistics. If your actual salary grows beyond your maintained salary, your actual salary will become your super salary.

There is no provision under PSS Rules for salary maintenance as outlined above to be applied to casual employees' super salaries. For casual members, the notional super salary reported won't decrease. This means that future notional super salaries will always be at least the highest previously reported notional super salary.

## How does my super salary affect my contributions?

Your member and productivity contributions are payable as a percentage of your super salary. This means that as your super salary increases, so do your contributions, unless you nominate a new contribution rate. If you change from part-time to full-time employment, or vice versa, your contributions will be based on the new employment hours from your next birthday.

If you're a casual or per diem employee, your fortnightly contributions are payable as a percentage of the actual salary received for that fortnight. Increments, pay increases, LWOP and other changes in earnings have an immediate effect on your contributions. Your notional salary (reported each birthday) is not used in the calculation of your contributions.

## What if I'm receiving a Partial Invalidation Pension (PIP)?

A PIP is a salary supplement for eligible PSS members who suffer a permanent decrease in their salary due to sickness or injury that they aren't otherwise being compensated for. The salary decrease may be due to redeployment at a lower level, reduced work hours, or a combination of both.

If you're receiving a PIP, your super salary will depend on your working arrangements. If you're in receipt of a PIP and:

- are formally redeployed, your contributions will be based on your new decreased salary from your next birthday after the PIP is approved;
- are informally redeployed, your super salary will continue to be your higher salary;
- become a permanent part-time employee, your contributions will be based on your new decreased salary from your next birthday after the PIP is approved; or
- remain classified as full-time but work part-time hours, your super salary will be your updated full-time salary.

## How does my super salary impact my Defined Benefit?

Your FAS is one of the factors that is used to calculate your Defined Benefit. If you're a full-time or part-time employee your FAS is based on your last three birthday super salaries. If you haven't passed three birthdays since becoming a contributing member, we'll use all available birthday salaries, and your commencement super salary to calculate your FAS.

### Example

Jack has been a PSS member for 10 years and decides to retire. His last three birthday super salaries were \$122,000, \$120,000 and \$115,000. His FAS would be calculated as:

$$(\$122,000 + \$120,000 + \$115,000) \div 3 = \$119,000$$

If however, Jack had decided to leave his eligible employment after having only two birthdays as a PSS member, his FAS would be calculated using his commencement salary of \$45,000, and his birthday salaries of \$46,000 and \$48,000. Jack's FAS would be calculated as:

$$(\$48,000 + \$46,000 + \$45,000) \div 3 = \$46,333.33$$

If you cease employment as a result of redundancy, your FAS is calculated on a pro-rata basis using your super salary at exit and your last three reported super salaries.

If you're a casual or per diem employee your FAS is the average of your last three reported notional super salaries.

If you'd like more information about how your final benefit is calculated, please refer to [csc.gov.au](http://csc.gov.au).

If your average salary, calculated according to PSS Rules, is not in accordance with the spirit of the Rules or equitable between members, CSC may use an alternative FAS.

## Where can I get more information?

Our office is located at 7 London Circuit, Canberra City. Come in and see us, or contact us at the below details for more information.

**EMAIL** [members@pss.gov.au](mailto:members@pss.gov.au)

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