



CSS Changing from permanent full-time to permanent 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 CSS **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?

Any member who is considering moving to part-time employment.



Commonwealth
Superannuation
Scheme

Why would I consider changing to part-time employment?

There are many reasons why you might change to part-time employment: you may want to raise a family; or you may be nearing the end of your career, but just don't want to stop working permanently just yet; or your health may be impacting on you and you would like to work less hours.

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

This fact sheet will help you understand the effect of part-time work on your CSS super.

What is a partial contributor?

A partial contributor is a full-time staff member who has converted to permanent part-time work for a continuous period for more than 12 months. It is important to remember that you are not considered a partial contributor until you have completed 12 months and one day of continuous part-time employment.

Additionally, temporary part-time employees are not permitted to contribute to CSS even if they were contributing to CSS immediately before taking up the temporary part-time employment.

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, or by calling us on **1300 000 277**.

If you reduced your hours because of a medical condition and a partial invalidity pension was granted, your superannuation would grow in the same way as other partial contributors.

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 birthday immediately after you have qualified to be a partial contributor. At that time, your contribution rate is worked out similarly to if you were contributing on a full-time basis. However, your contribution would be reduced pro-rata according to the number of hours worked in the 12 months prior to your birthday.

For a full-time member, the contribution payable is simply the nominated percentage of fortnightly superannuation salary. The contribution is then rounded up to the nearest 10 cents. Your fortnightly superannuation salary is calculated by dividing your annual superannuation salary by 26.

Example

Maria, a full-time employee, is receiving a salary for superannuation purposes of \$45,361. She is paying 5% of this in contributions to CSS. Her contribution rate is worked out as follows:

$$\$45,361 \div 26 \times 5\% = \$87.30 \text{ per fortnight (rounded up)}$$

Maria becomes a part-time employee and works 50% of her normal 80 hours for her position. We need to know when Maria qualified to be a partial contributor, how many hours was Maria deemed to have worked in the 12 months leading up to Maria's next birthday, and how many full-time working hours were there in that same 12-month period.

In this example, let us assume that there were 261 working days in the 12 months to Maria's next birthday, and that Maria qualified as a partial contributor 111 days prior to her birthday. Let us also assume that Maria worked four hours per working day in a position where the regular hours were eight per day.

Therefore, Maria's part-time ratio for superannuation purposes would be:

$$\frac{(150 \times 8) + (111 \times 4)}{261 \times 8} = \frac{1,644}{2,088} = 0.7874$$

On a fortnightly basis, this means that Maria’s contributions are calculated on roughly 63 hours of work per fortnight. Therefore, if Maria’s full–time equivalent contribution was \$87.30, her new part–time contribution is calculated as follows:

$$\text{\$45,361} \div 26 \times 5\% \times (63 \div 80) = \text{\$68.70 (rounded up)}$$

Of course, provided Maria does not change her hours again, on the birthday after next, her contribution would be calculated according to her part–time ratio of four hours to eight hours.

The effect on your benefit

Benefits are payable on all forms of exit from the scheme, generally in two parts:

- your employer–financed component as a CPI–indexed pension;
- and
- your member and productivity components as a lump sum.

However, in most instances, your member and productivity components can be taken as additional non–indexed pension instead of a lump sum.

Generally, your employer–financed indexed pension is a percentage of your final salary for superannuation purposes. The percentage is determined by reference to your age at retirement (in whole years) and your years and days of contributory service. As a full–time contributor you accrue full–contributory service. Therefore, if you worked for 20 years full–time, you would have accrued 20 years of contributory service.

Part–time employment only affects your contributory service once you have qualified to be a partial contributor and it does not affect the service that you have already accrued. So, let us say Maria worked for 20 years full–time and five years as a partial contributor (at four of eight hours per day). Her contributory service would be calculated as follows:

20 years full–time	= 20 years 0 days
1 year at 63/80 (part–time)	= 0 years 287 days
4 years at 40/80 (part–time)	= 2 years 0 days
Total service:	= 22 years 287 days

For the purposes of calculating your employer–financed indexed pension on age retirement, your equivalent full–time salary is always used.

Member Component

Full member contributions are maintained until the birthday following the date you qualify as a partial contributor. The contributions are reduced to reflect your hours worked and recognised in the entire year preceding the birthday of adjustment. Therefore, your basic contributions (the minimum 5% that you have to pay) will accumulate at a slower rate from the birthday following the date you qualify as a partial contributor.

Productivity Component

Any productivity contributions paid by the employer are reduced from the birthday following the date the member qualifies as a partial contributor. They are payable at the same ratio of part–time to full–time hours, in similar proportions as basic contributions.

If you are planning on resigning and deferring your benefit

Please see the information on Member Component above. For members who are planning on resigning and deferring their benefit, your pension is based on your basic contributions and Fund earnings, which means that, as you are not accumulating basic contributions as quickly, your final employer–financed indexed pension will be affected if you qualify to be a partial contributor before ceasing eligible employment.

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 will only contribute as a full-time member until your birthday immediately after you have qualified as a partial contributor. Following that, you must pay contributions based on your part-time rates. You may re-qualify as a full-time contributor in the future.

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, you should contact your employer for more information.

If you do go part-time, there is nothing you would need to do in relation to your CSS superannuation. Your employer will provide details of your part-time hours and will automatically reduce your contributions from your next birthday once you have qualified as a partial contributor.

Where can I get more information?

If you would like more information in relation to part-time employment contact your personnel section or call us on **1300 000 277**.

A range of brochures and factsheets can be found on our website **csc.gov.au** under the heading **Forms and publications**.

The CSS website also has the i-Estimator. The i-Estimator is a handy online tool that enables you to estimate your future super benefits. You'll need an Access Number to use this service. If you don't have one, or you've misplaced it, call us on **1300 000 277** and we can give you one over the phone.

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