



Training Notes – PSS

Part time and casual membership



**Commonwealth
 Superannuation
 Corporation**

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Aims and objectives

These training notes are designed to give personnel staff an understanding of the administration of superannuation for casual and part-time members of the Public Sector Superannuation (PSS) scheme.

- Salary and contributions for casuals and part-time members.
- Benefits for casuals and part-time members.
- How to determine who is a casual member.
- The membership provisions for casuals.

These notes are not a substitute for the *Superannuation Act 1990*, the Trust Deeds or the Rules for the administration of the scheme.

Part-time regular membership

Regular members of PSS can be full-time or part-time.

Whether members are full-time or not is determined by the hours they were approved to work on their last birthday. For new members, it will be the hours approved to be worked on commencement of membership.

Where the approved hours on the birthday or commencement were full-time, the member will be considered to be a full-time member until the next birthday, when the situation will be reviewed. Similarly, if the approved hours on the last birthday were part-time, the member will be considered a part-time member until the next anniversary.

Note: where a member is receiving compensation payments for hours not being worked, these hours are to be included as hours worked when determining the member's status.

Definition of a regular part-time member

[Rule 1.2.1]

Regular part-time members of PSS are:

Permanent

- Any permanent employee who works less than the prescribed full-time hours.
- Statutory office holders who are employed on less than a full-time basis.
- Members on mobility who, immediately before taking up that transfer, were permanent employees, employed to work less than full-time hours.

In addition to those mentioned above, the Board, with the agreement of the Minister, may declare a person to be a permanent part-time employee.

Temporary

- Any temporary employee who works less than the prescribed full-time hours, is employed for more than three months and has access to sick and recreation leave.

Arrangements from 5 December 1999

For staff employed under the *Public Service Act 1999* the concept of permanent and temporary has ceased to exist. Employment status now consists of 'ongoing and non-ongoing' employees. 'Ongoing employees' comprise those staff employed with no known end date while 'non-ongoing employees' are those employed for a specific time or task.

Determining if a member is a permanent or temporary employee

This is not our function, it is up to an agency to determine this according to its terms and conditions.

There was no problem with the APS, as the *Public Service Act 1922* clearly defined who was permanent and who was temporary.

However, the status of “**continuing employees**” was often questioned. These were temporary APS staff who were employed for more than 12 months and therefore had the same tenure as permanent officers. Although they may have had this tenure, they were still temporary according to the *Public Service Act 1922* and therefore, the superannuation legislation. For further information refer to the module **Membership of PSS**.

With respect to other agencies, staff are considered *temporary* if their contract is for a specific period, and *permanent* if there is no end date to the contract.

Determining if a member is an ongoing or non-ongoing employee since 5 December 1999

There is no problem with the APS, as the current *Public Service Act* clearly defines who is ongoing and who is non-ongoing.

Membership for regular part-time staff

Permanent part-time staff are obliged to join PSS (if they have an existing interest in PSS), temporary regular part-time staff must be offered choice of Fund, they may elect to join PSS or may default to PSS under this legislation. Please refer to the eligibility determiner as different rules may apply for **APS Agencies** and **non-APS Agencies**.

Ongoing part-time staff are obliged to join (if they have an existing interest in PSS), non-ongoing regular part-time staff must be offered choice of Fund, they may elect to join PSS or may default to PSS under this legislation. Please refer to the eligibility determiner as different rules may apply for **APS Agencies** and **non-APS Agencies**.

Meeting the eligibility requirements are not necessary if a member defaults to PSS under Choice legislation.

Salary

These members have two salaries, one for **contribution** purposes and one for the purpose of calculating **benefits**.

The **benefit** salary is the superannuation salary, which would apply to the person if they occupied the position on a full-time basis.

The **contribution** salary is the benefit salary reduced in the ratio of approved hours being worked on the last birthday to the full-time hours for the position. In determining the approved hours for this purpose, any hours not approved to be worked for which compensation is being paid, must be included.

Example 1

A member's approved part-time hours on the birthday, according to the contract of employment or part-time employment agreement, are 20 per week. Full-time hours for the position are 36.75. In calculating the contribution salary, the full-time salary is multiplied by 20 and divided by 36.75.

Example 2

A member's approved part-time hours on the birthday, according to the contract of employment or part-time employment agreement, are 20 per week. Full-time hours for the position are 36.75. However, the member's approved hours were previously reduced from 25 to 20 due to a compensable condition. In calculating the contribution salary, the full-time salary is multiplied by 25 and divided by 36.75. The member's superannuation entitlements will therefore not be affected by the compensable condition.

Where a member is in receipt of a partial invalidity pension (PIP) for hours **not approved** to be worked, they are not included in the hours for the purpose of calculating the contribution salary (see **Example 1** below).

However, where a member is receiving a PIP in respect of hours approved to be worked, but being taken as sick leave, these hours are included in the contribution salary calculation (see **Example 2** below).

Example 1

A member's approved part-time hours are 20 per week. However, they were recently reduced from 25 per week due to an illness and the member is receiving a PIP to compensate for the salary reduction. The hours to be used in the calculation of contribution salary are 20.

Example 2

A member's approved hours are 36.75 (full-time) but they are only working 25 per week due to illness and being granted sick leave without pay for the gap. A PIP is being paid in respect of the gap. As the member's hours have not been formally varied, the contribution salary will be calculated on the basis of the full-time hours.

Contributions

Part-time members have the same choice of contribution rates as regular members, that is, a whole percentage point at 0% or between 2% and 10%. This percentage is applied to the contribution salary as calculated previously.

Benefits

Benefits are calculated using the standard benefit accrual table (see attached).

As the multiples relate to full-time employment, they need to be reduced to reflect the reduced hours the member is working. The multiple applicable to the nominated percentage rate is therefore reduced by the ratio of approved part-time hours to the full-time hours for the position. This is the ratio on commencement and on the birthday each year.

Note: the approved hours for this purpose include the hours for which compensation is being paid AND the hours in respect of which a partial invalidity pension is being paid.

It is important to remember that members' benefits are not affected as a result of converting to part-time employment because of ill health, even though contributions are paid on receipt of compensation payments and not on receipt of a PIP.

Example 1

A part-time member is approved to work 25 hours per week on their birthday. Their multiple for the next 12 months will be reduced in the ratio of $25 \div 36.75$. Therefore, if the member were contributing 5%, the multiple would be **0.21** for the 12 month period for a full-time member, but **0.1429** ($0.21 \times 25 \div 36.75$) for this member.

Example 2

If the member in the example above was working the 25 hours and receiving compensation or PIP for the remaining hours, they would receive the full multiple of **0.21**.

In the case of **invalidity retirement or death**, it is necessary to calculate what a member's benefit would have been at age 60 had employment continued. When doing this for a part-time member, an average of the hours they have contributed on for the preceding 78 contribution days is calculated and these hours are used to calculate the prospective benefit.

Important points to remember

- A member's status is determined by the **approved** hours on the birthday or commencement.
- Any hours for which compensation is being received **are** included for the calculation of contributions.
- Any hours for which PIP is being received **are not** included in the calculation of contributions if the member has gone permanent part-time, but are included for the calculation of benefits.
- Salary for benefit purposes is the salary that would apply to the person if they occupied the position on a full-time basis.
- Salary for contribution purposes is the benefit salary reduced in the ratio of approved hours being worked on the last birthday to the full-time hours for the position.
- Benefits for permanent or ongoing and temporary or non-ongoing part-time members are calculated using the standard benefit accrual table, however, the multiple is reduced in the ratio of approved part-time hours to the full-time hours for the position.

For more information

Please refer to the Employer Administration Centre at csc.gov.au

Casual membership

The Public Sector Superannuation (PSS) scheme divides its members into two categories, and the method of calculating contributions and benefits is vastly different between the two.

The categories are regular and casual.

Definition of a casual member

[Rule 1.2.1.]

A casual member is defined as a person who is:

- not a regular member and is not entitled to holiday leave and sick leave in his/her job
- or
- a PSS member who is paid fees on a daily basis in respect of an office or position (per diem employee).

Regular members are defined as:

- all permanent staff including part-timers
- all temporary full-time staff who are employed for at least three months
- all temporary part-time staff who are employed for at least three months and are entitled to recreation and sick leave
- all full-time and part-time statutory office holders
- all staff who transferred under the previous mobility provision who were permanent staff prior to that transfer, regardless of what their status may be with their new employer.

Therefore, anyone who does not fall into the categories mentioned above would be a **casual member**.

Some of these would include:

- all temporary part-time staff who are employed for less than three months and/or do not have access to sick and recreation leave
- all temporary full-time staff whose period of employment is to be less than three months (note: this only relates to PSS membership not CSS membership)
- staff employed on an ad hoc basis, e.g. relief teachers
- staff employed on a per diem basis i.e. those who receive a set amount for each day or part day that they work.

Determining if a member is a permanent or temporary employee

This is not our function. It is up to an agency to determine this according to its terms and conditions. Refer to the notes on **Part-time regular members**.

Membership for casuals

[Section 8; Rule 2.1.2]

Once you have established that a casual employee can re-join PSS, they can join immediately if they meet the following criteria:

- their contract is for three months or more
- they have completed three months employment with the Commonwealth or an approved authority in the last two years

or

- the intention to pay a transfer value to PSS.

However a casual employee who defaults to PSS does not need to meet the above criteria under Choice legislation.

From 1 July 2006, CSS members who take up casual employment cannot join PSS as a casual they will be given choice of Fund. PSSap may be their default Fund. Please refer to the eligibility determiner.

Casuals are not considered to have ceased membership unless they have ceased employment and:

- reached maximum age
- signed a declaration stating that they have no plans to be re-employed by the Commonwealth or an approved authority within 26 fortnights

or

- not contributed for more than 26 contribution days (excluding periods of leave without pay on which they were not permitted to pay).

Salary

[Rule 3.2.1, 3.2.2, 3.6.1 to 3.6.7]

There are two relevant salaries for casuals, one on which **benefits** are based and one on which **contributions** are payable. It should also be noted that the benefit salary for **per diem** employees is calculated in a different manner than that used for other casuals.

Setting up casuals for the first time

When you first commence a casual member you will need to provide a notional salary for benefit purposes.

Casual member

Provide the hourly rate at commencement including the 100% loading. The full-time hours for the position are 73.5. The annual rate would therefore be calculated in the following way:

$$\$30 \times 73.5 \times 313 \div 12 = \$57,514$$

Per diem member

As this member has not worked previously you will work on the assumption of the following:

When a per diem commences look at what the expected days are that they will work in the next 12 months and what the sitting fee payable would be. We would assume in the following that the member is going to work an expected 35 days with a sitting fee of \$300:

$$\$300 \times 35 = \$10,500$$

For **contribution purposes**, the salary is what the member actually earned in the particular fortnight excluding payments for overtime, compensation or reimbursement of expenses

E.g. meal allowance, mileage allowance etc. If a member is on compensation leave, contributions are based on what the member would have earned had he/she been at work.

Any leave without pay, reduced pay, salary increase or increments will have an immediate effect on a member's contributions and ultimately, benefits.

Example 1

A member who has elected to pay 5%, works for three days in a fortnight and receives \$300. The contribution required will be \$15.

Example 2

A full-time non-ongoing member who has been employed for two months, normally receives \$1,000 each fortnight and contributes \$50 (5%). They become ill for two days and have no sick leave credits. Their salary for that fortnight will be \$800, and the contribution due will be \$40.

The **benefit salary** on the anniversary (commonly called the “notional” salary), which will ultimately form part of the final average salary for benefit purposes, is the annual salary members would receive in a year if they worked full-time and received the hourly rate applicable to them on their birthday.

As we are discussing casuals, it is possible that they might not in fact work on their birthday. In such cases, it is the hourly rate when they are next required to work after the birthday. If they do not work again, it is the hourly rate applicable when they last worked.

Example 1

On the birthday, which falls on a Sunday, a member is working and is entitled to 100% penalties for working on that day. The hourly rate including the 100% loading is \$30. The full-time hours for the position are 73.5. The annual rate would therefore be calculated in the following way:

$$\text{\$30} \times 73.5 \times 313 \div 12 = \text{\$57,514}$$

The **benefit salary (or notional salary) on the anniversary for per diem employees** is the per diem rate payable on the birthday multiplied by the number of days for which the member was paid in the previous 12 months.

If the member has not been employed for 12 months, it is the number of days the person has been employed up until the anniversary, plus the number of days it is expected the member will work from then until the end of the 12 months period.

Example 2

A member commences in July 2006 and has a birthday in September 2006. At the time of the birthday the member has worked 10 days. It is estimated the member will be required to work for a further 25 days before they complete 12 months employment in July 2007. The rate payable per day is \$300. The notional salary for the September 2006 birthday will be calculated as follows:

$$\text{\$300} \times 35 = \text{\$10,500}$$

Contributions

[Rules 4.1.1 to 4.1.7]

Casuals have the same choice of contribution rates as regular members, that is, a whole percentage point of 0% or between 2% and 10%. However, the contribution salary varies as explained above.

Once contributions have not been paid for 26 fortnights, excluding periods of leave, the membership ceases even though the member may technically still be employed.

Benefits

[Rule 5.3.1 to 5.3.25; 5.5.1 to 5.5.4]

Benefits are calculated using the standard multiple accrual table. (See attached).

As these multiples relate to full-time employment, they need to be reduced in some way to reflect the fact that casual members, in the majority of cases, are not working on a full-time basis.

Example 1

Normally a member paying 5% would receive a multiple of $0.21 \div 26$ each fortnight. If a casual member is paying 5%, earned \$500 in the fortnight and had a notional salary of \$44,980 on their last anniversary, the benefit accrual will be $(0.21 \div 26) \times (\$500 \div 1,730)$.

When calculating a **prospective multiple** for invalidity purposes, it is necessary to estimate the number of contribution days between the date of exit and age 60 that the member may have contributed on had he/she remained employed. To do this, it is necessary to know on how many of the contribution days during the period of membership, the member contributed.

To enable the prospective multiple to be calculated correctly, it is therefore necessary for you to advise us of the number of contribution due days to which the payment relates (where this is greater than 1), as payments to casuals can span several contribution due days. For some payroll systems, "1" will be entered as a default if no other figure is provided.

Productivity benefits (employer contribution) for casuals

[Rules 4.3.6 to 4.3.10]

To calculate the productivity benefit for casuals, it is first necessary to determine the normal productivity payable by using the member's notional salary and the standard productivity table.

Where the table indicates that the productivity payable is a percentage, that is, either 2% or 3%, the productivity is simply that percentage of the member's salary and allowances for superannuation purposes paid in that fortnight.

Example 1

A member's notional salary on the last birthday was \$40,000. This entitles them to a productivity benefit of 3%. In a particular fortnight, the salary and allowances payable for superannuation purposes is \$1,200. The productivity benefit will be 3% of this – \$36.

Where the table indicates that the productivity payable is a flat rate, the productivity is calculated by dividing the salary and allowances for superannuation payable in that fortnight, by the fortnightly notional salary and multiplying the result by the flat rate contribution.

Example 2

A member is on a notional salary of \$52,000. This would normally entitle them to a productivity benefit of \$53.46. In that particular fortnight the salary and allowances payable for superannuation purposes was \$1,000. The productivity is calculated as follows:

$$\text{\$53.46} \times \text{\$1,000} (\text{\$52,000} \div 26) = \text{\$26.73}$$

Other differences between casuals and regulars

There are several other differences between casuals and regulars:

- casuals may not receive partial invalidity pension
 - when calculating entitlement to additional death and invalidity cover, the notional or benefit salary for a casual is the amount received in the previous 12 months
- or
- where the employment has been for less than 12 months, the amount received to date plus the anticipated payments for the period from the present to the date the member will have completed 12 months. This is the normal method for calculating the benefit salary for a per diem member
 - where a casual member suffers a salary reduction, there is no provision to update the notional or benefit salary to current values. The rules merely say that the salary cannot be less than it was on the previous anniversary. Therefore, where a notional salary is calculated and this is lower than it was in the previous year, the salary of the previous year continues to be used for benefit calculation purposes.

Important points to remember

- Personnel need to intervene if the payment being made relates to more than one fortnight, and also to enter a new benefit or notional salary each anniversary.
- If you fail to enter this salary, the member's productivity calculation will be incorrect, in addition to the member's multiple. It is therefore critical that this be done.
- Where a member's status changes from casual to regular or vice versa, contributions must be adjusted immediately.
- Special arrangements may be made for the payment of additional death and invalidity premiums, rather than it being paid fortnightly.
- Casual members are eligible for pre-assessment payments, but the method of calculation becomes more complex as generally they do not have any entitlement to sick leave.
- Salary for contribution purposes is what the member **actually earned in the fortnight**, excluding payments for overtime, compensation or reimbursement of expenses.
- Salary for benefit purposes is the annual salary members **would receive in a year** if they worked full-time and received the hourly rate applicable to them on their birthday.
- Benefit salary for per diem employees is the per diem rate payable on the birthday multiplied by the number of days for which the member was paid in the previous 12 months.
- Benefits for casual members are calculated using the standard multiple accrual table, however, the multiple is reduced in the ratio of the actual fortnights contribution salary received/fortnights salary they would have received had they been full-time.
- Provide casual members with a benefit application form if they have not worked for 26 fortnights and did not claim a benefit on exit.

For more information

Please refer to the Employer Administration Centre at csc.gov.au



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