



The facts about

Your superannuation salary and the PSSap

Who should read this

Contributing members who want information about the salary used to work out how much their employer is required to contribute.

What is in this fact sheet?

- > What is my 'Superannuation Salary'
- > What is an FCS salary?
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What you should know upfront

It is important that you read the disclaimer at the end of this fact sheet. Before making any decisions, please read the PSSap Product Disclosure Statement and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

What is my 'Superannuation Salary'?

Your 'superannuation salary' is the salary used as a basis for calculating employer contributions. For the PSSap, your employer contributes 15.4% of your super salary.

This salary is not necessarily the same as your gross or net salary. It can vary depending on whether you are on Fortnightly Contributions Salary (FCS) or Ordinary Time Earnings (OTE) salary.

What is an FCS salary?

It is your basic salary plus any recognised allowances received, as recorded on your birthday (also referred to as your 'birthday salary'). Please ask your employer to explain which allowances apply to you.

Recognised allowances generally fall into three groups: see Table 1.

Ask your employer which salary applies to you.

Allowance type (general)	Applicable	Examples
Allowances for the possession of particular skills	Immediately	First Aid allowance, Language allowance, allowance payable in recognition of length of service or standard of efficiency attained
Allowances relating to additional duties	When received continuously for over 12 months Your employer certifies there is a likelihood that it will be received for 12 months	Higher duties allowance, parliamentary employment allowance, Restriction allowance, allowance payable in lieu of overtime or extra duty, allowance payable in compensation for physical hardship or discomfort associated with particular duties, allowance for special duties
Reimbursement allowances and overtime	Never	Expenses of office allowance, district allowance, travelling allowance, clothing allowance, bonuses of performance pay

What is an OTE salary?

It is what you get paid for your ordinary hours of work and includes earnings consisting of over award payments, shift loading or commission;

It does not include lump sum payments made in lieu of unused sick leave, unused annual leave, or unused long service leave;

The maximum level of superannuation support your employer is required to provide for you in a quarter is set by the Commissioner of Taxation.

Table 2 provides some guidance on what is included in and excluded from OTE – the information has been extracted from Superannuation Guarantee Ruling SGR 94/4 and the addendum to that Ruling issued by the Commissioner of Taxation:

Table 2 - OTE - Inclusions and exclusions

What is included in OTE	What is excluded from OTE
Directors fees	Overtime payments
Remuneration while on sick, annual and long service leave Bonuses calculated by reference to work undertaken	Payments when on maternity or paternity leave Ex gratia payments (including Christmas bonuses)
Top-up payments or accident make-up payments when employee works	Top-up payments or accident make-up payments when employee does not work
Casual loading	Annual leave loading
Any allowances not regarded as reimbursements of expenses	Any lump sum payments of accrued leave on termination of employment
Government (Wage) Subsidies	Reimbursement of expenses/ allowances Advance payments to an employee to allow the employee to expend an amount of money as an agent of the employer Redundancy payments Payments in lieu of notice Workers compensation payments Payments subject to Fringe Benefits Tax Payments by way of restraint of trade

How do I find out which salary applies to me?

You will need to ask your employer to explain which salary is used to calculate your superannuation contribution.

Generally, your employer will calculate contributions based on your FCS unless one of the following provides that your superannuation salary will be OTE:

- > a certified agreement that applies to you;
- > an Australian workplace agreement that applies to you;
- > a remuneration determination that applies to you; or
- > an agreement in writing that you have entered into with your employer where you are not covered by any of the other mentioned arrangements.

Can I make an agreement with my employer on what my salary my superannuation will be based?

You will need to ask your employer.

What happens if I have a variation in my superannuation salary?

Table 3 - Variation in superannuation salary - effects	
FCS	OTE
<p>The employer contribution of 15.4% will be based on the highest annual salary recorded between your previous and current birthday. If there is a reduction in your salary, then your FCS will be indexed with Average Weekly Ordinary Time Earnings (AWOTE) until your current salary equals or exceeds it.</p> <p>If at any time your new salary exceeds the updated former salary, your new superannuation salary (from your next birthday) will be the higher of the two salaries</p>	<p>The contribution your employer is required to make will vary each time your OTE varies</p>

Where can you get more information?

Read the PSSap Product Disclosure Statement

Read the CONTRIBUTIONS fact sheet

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Any advice in this document has been prepared without taking account of your personal objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You may wish to consult a licensed financial planner to do this.

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