



Contributions to the PSSap

Who should read this?

Members who want information about the different types of contributions which can be made to their PSSap account.

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What you should know up front

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.

Who contributes to my super?

Your employer must make contributions to your super account on your behalf.

You also have the option of making personal contributions and transferring super you may have with other funds into your PSSap account.

Your spouse can also make contributions to your account.

Finally, if your annual salary is below a certain amount and you make personal contributions the Government may also make a contribution, called the Super co-contribution.

What does my employer contribute?

Your employer, on your behalf, will make a contribution of at least 15.4% of your superannuation salary into your account each time you get paid. This is required by legislation.

For example, if your superannuation salary for a year is \$58,000, your total employer contributions for that year will be \$8,932. This example assumes your superannuation salary is a fortnightly contribution salary (FCS), your employment conditions do not change throughout the year, and you only take authorised annual leave.

What is my superannuation salary?

Your 'superannuation salary' is the salary that is used as a basis for calculating employer contributions. This salary is not necessarily the same as your gross or net salary. It can vary depending on whether you are on a FCS or ordinary time earnings (OTE) salary. Your superannuation salary will be OTE if that is the salary defined by a workplace agreement or another agreement in writing you have entered into with your employer. Ask your employer to explain which salary is used to calculate your superannuation contribution.

Can my employer pay more than 15.4% of my super salary?

Yes. Your employer can pay additional contributions into your PSSap account for you (for example, any additional contributions that may be specified in a workplace agreement or in circumstances where contributions might not otherwise be required to be paid).

Do I have to contribute?

You don't have to make any contributions to the PSSap, however you can make personal contributions if you wish, which will count towards your final benefit.

You can make contributions to the PSSap either as personal contributions (after tax) or, if your employer allows it, as salary sacrifice contributions (before tax). Just let your employer know what you want to do.

You can also make contributions during periods of leave without pay.

What happens if I go on leave without pay (LWOP)?

Employer contributions:

If your super salary is OTE, your employer is not required to make contributions whilst you are on LWOP.

If your super salary is FCS, your employer is not required to make contributions whilst you are on LWOP with the exception of:

- > unpaid leave for twelve weeks or less
- > maternity or parental leave (whether it is paid or unpaid)
- > sick leave without pay
- > compensation leave
- > leave of absence for the purposes of engaging in other approved employment set out in the PSS rules
- > leave of more than 12 weeks where the employer has agreed to pay contributions.

There is no requirement for your employer to contribute if the period of unpaid leave is greater than twelve weeks.

Member contributions:

You can make personal contributions whilst on LWOP or at any other time as long as you are a current member and have not preserved or claimed your benefit. PSSap rules do not restrict personal contributions in the same way as employer contributions during LWOP.

As salary deductions may not be available for you whilst on LWOP you may need to make your contributions by one of the other payment methods available, such as BPay via our website. Call us, if you are planning to go on LWOP, and we can discuss your options.

What about transferring super from other funds?

If you have funds invested in another superannuation fund, you may consider transferring those into the PSSap as well. Consolidating your super with one fund can save you time and money managing multiple accounts.

We can do this for you and you do not pay any fees to transfer money into the PSSap from other funds; but check your other funds to see if they charge fees for transferring out.

Transferring money from other funds is an important decision and you may wish to get assistance from a licenced professional about this.

For more information see our **Transfers** fact sheet.

What can my spouse contribute?

Additional payments can be made into your account by your spouse, including a de facto partner of the same or opposite sex. These contributions are called 'eligible spouse contributions'. Your spouse does not have to be a member of the PSSap to make contributions to your account.

Your spouse can make contributions for you directly to your account by cheque or using your PSSap BPAY number which is available by going to **Your account** at www.pssap.gov.au.

Are there any contribution limits?

Employer contributions and salary sacrifice contributions are known as concessional contributions. There is a cap on all concessional contributions across all your super funds.

The cap on concessional contributions for the 2009/2010 financial year is:

- > \$25,000 per year, or
- > for members aged 50 or over, a transitional limit of \$50,000 per year to 2011/12.

All concessional contributions are taxed at 15% when received by the PSSap. Contributions above the cap will be taxed at 15% on entry plus an additional 31.5% including medicare levy. Any excess amount will also count towards the non-concessional contributions cap.

Non-concessional contributions are post-tax contributions made by you or on your behalf.

The cap on non-concessional contributions, for the 2009/2010 financial year, across all your super funds is:

- > \$150,000 per year, or
- > \$450,000 over three years for members under 65. For example, \$300,000 in year one, \$100,000 in year two and \$50,000 in year three.

Non-concessional contributions up to the cap are not taxed when received by the PSSap because they are made from your after-tax income. However, any non-concessional contributions that exceed the cap will be taxed at the top marginal tax rate.

Amounts transferred into the PSSap from other super funds do not count towards either of the caps.

What happens if myself or my employer contributes over the caps?

Any contributions over the caps will be subject to extra tax. If this happens, you will receive a Tax Assessment from the Australian Taxation Office who will also send you a 'release form' which allows you to withdraw money from your super to pay the extra tax. For more information visit www.ato.gov/super.

Are there any age restrictions?

If you are aged between 65 and 74, we can only accept contributions for a financial year if you satisfy the work test for that year – which means that you must have worked at least 40 hours in a period of not more than 30 consecutive days in the financial year.

If you are 75 years or older, we cannot accept any further personal contributions. Your employer may only continue to make contributions for you if the contribution is mandated under an agreement certified, or an award made, by an industrial authority.

Where can I get more information?

Read the **PSSap product disclosure statement**

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Warning - This Document Contains General Advice or Information Only

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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