

Super Update



The Employer Newsletter on Superannuation - March 2004

Issued by the FSS Trustee Corporation and SAS Trustee Corporation

General News

First State Super - mandatory data requirements which help us to help you speed up processing your files

To speed up file processing contribution data, files forwarded to First State Super must contain all necessary data and it must be in the specified format. Missing or incorrect data can result in processing problems that can lead to the creation of duplicate accounts and misallocation of contributions. Further, members can be disadvantaged through lost interest resulting from delays in the processing of files. What are some of the common problems?

- **Negative Contributions** - It is a requirement since the commencement of First State Super that contribution files do not contain negative values. This is because files with negative values require manual adjustment and additional funds from the employer. Employers should note that files containing negative values cannot be adjusted by the administrator and they are returned to employers for correction.
- **Member Numbers** - Although other means of member identification such as payroll numbers have been accepted in the past, it has been found that these identifiers are not unique. Contribution files should therefore include member numbers for all contributors on the file other than new entrants. Accessing member numbers to update your database is easy: more information is contained in the 'Questions & Answers' section of this Super Update.
- **Formatting Problems** - To enable the prompt processing of contribution files and assist employers in meeting the mandatory file requirements, it is recommended that employers remit all First State Super files via the employer web site (www.pillar.com.au). Easier and more flexible formats have now been developed.

Auditor General's report and how we can help you

In 2003 the NSW Audit Office again reviewed the compliance of agencies in meeting their superannuation responsibilities. It was found that compared to 2001 results, agencies had improved their superannuation systems and staff were better educated in their knowledge of superannuation requirements. However, the Audit Office was critical that a number of agencies did not have adequate policy and procedure manuals for superannuation.

We can help you develop the superannuation administration sections of your internal Policy and Procedures Manual - please contact your Employer Relationship Manager - see page 4 for contact details.

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Guidelines board and committee members: appointments and remuneration

The Premier's Department issued the above guidelines in June 2003 outlining the Government's policy in relation to the appointment and remuneration of members of Government boards, committees and trusts. Section 3.2 of the guidelines outline agencies obligations under the *Superannuation Guarantee (Administration) Act 1992* (the SGAA). Boards, commissions, tribunals and similar bodies may be defined as *employers* and the members (including part-time members) of such bodies as *employees* for Superannuation Guarantee purposes. Who is an employer/employee for purposes of the SGAA is broader than common law definitions. It extends to payments made to a person under a contract that is wholly or principally for labour of the person. These guidelines can be found on: www.premiers.nsw.gov.au/our_library/boards/guidelines2003.html

Visit us on the web at: www.statesuper.nsw.gov.au or
www.firststatesuper.nsw.gov.au

Initiatives to help you

Helping all employers send data electronically

We are currently developing the ability to accept payroll contribution files which are not in the required format. This will be a help to employers whose payroll systems are not easy to configure, as they will be able to submit their contribution data electronically instead of having to send paper or disks. We will be writing to employers soon with details of how this will work.

Easier web log on method: removal of Secure ID tokens

We are currently working on changing the password requirements for employers, and will be phasing out SecurID tokens over the early part of the year. Employers will be contacted with their new password procedures, and will enjoy the easier method of logging on to the web site.

Sending Information – Contact Information

Any documentation forwarded to Pillar should be sent to Pillar's post office address which is as follows:

Pillar Administration, PO Box 1229,
Wollongong DC NSW 2500

Alternatively it can be faxed on
(02)42531688.

Members enquiries should be referred to the following telephone numbers for the Customer Service Centre:

First State Super - 1300 650 873
SASS - 1300 130 095
SSS - 1300 130 096
PSS - 1300 130 097

For employer related enquiries please contact your relevant Employer Relationship Manager.

Save time by using electronic forms available on Employer Web Site

By sending data using on-line forms electronically, you can avoid problems often encountered with faxing or mailing information.

Within the secure Employer area of Pillar's web site (www.pillar.com.au) you will find a function that will allow you to send data to Pillar using on-line electronic forms. For further information please refer to the *User Guide for Employers* within the Employer area of Pillar's web site or contact your Employer Relationship Manager.

Learn about the schemes, attend the training and refresher workshops

Workshops for new payroll staff who require scheme training is scheduled for May 2004. This workshop is also suitable for staff who need to refresh basic scheme knowledge in First State Super (FSS), State Authorities Superannuation Scheme (SASS) and the State Superannuation Scheme (SSS). To register your interest, please contact your ERM. Further details will be provided by letter in the near future.

Easier payment method by Electronic Funds Transfer (EFT)

Paying by EFT is easy. To pay superannuation contributions by EFT you will need to arrange with your organisation's bank to pay superannuation contributions to the bank account detailed below:

	SASS and SSS	FSS
Bank name:	Commonwealth Bank of Australia	Commonwealth Bank of Australia
Account Name:	STC Superannuation Schemes General Account	FTC Superannuation Schemes General Account
Address:	48 Martin Place, Sydney NSW 2000	48 Martin Place, Sydney NSW 2000
Account Number:	1022 6181	1022 6245
State Branch (BSB):	062 000	062 000
The standard descriptions on EFT transactions are:	SASS: Employer Code (6 characters), SA, invoice number (6 characters) example: B53000SA717171 SSS invoice: Employer code (6 characters), SS, invoice number (6 characters) example: B53000SS061780	FSS: Employer Code (6 characters), FS, Payroll Date (DDMMYYYY) example: B53000FS31012004

All payments must be preceded by your Remittance Advice to ensure the correct allocation of contributions. This can be sent through the e-business Pillar Administration web site with your contribution file, by e-mail to cru@pillar.com.au or by fax to: 02 4253 1558. Please contact your Employer Relationship Manager if you require a *soft copy* of the Remittance Advice form.

Legislative update that impact you as employers

Employers' Superannuation Guarantee contributions requirements

Employers should by now be aware of changes to the Commonwealth Superannuation Guarantee (SG) legislation which became effective from 1 July 2003. The new requirements are outlined in the Premier's Department's Circular 2003-21. In regard to contributions being made to an accumulation fund, such as FSS, they require employers to pay their SG contributions to the employee's superannuation fund on at least a quarterly basis instead of the annual basis that previously applied, and report to relevant employees the amount of SG contributions paid on their behalf and the fund to which they have been paid (this is the only change expected to impact on employer's administrative processes). Due dates are 28 January, April, July and October each year.

This requirement should not affect an employer's contributions to FSS as the legislation provisions require contributions to that scheme to be made at least monthly.

SG Contributions reporting requirements

Each payment of SG contributions you make to FSS or other nominated *accumulation-type* fund must be reported, in writing, to the employees for whom such contributions are made. The report must state:

- the amount of the contribution made,
- the name of the super fund, and
- if known, the employee's account or membership number in the fund.

The written report must be provided within 30 days of the last contribution for the quarter being made. The options for providing your reports include official employer letter, email, or through inclusion of the information on employee payslips.

Care needs to be taken with the use of payslips. The report must state the amounts of contributions that have actually been paid to the fund, not the amount that will be remitted in the future. Many employers may not remit their contributions to the fund until some time after providing the payslip to which a contribution period relates. In this case the payslip information would not satisfy the reporting requirements.

Finally, you must keep records of when you made contributions and how you reported the information to your employees.

Benefit certificates for the defined benefit schemes

A minor change has also been made to the requirements, where contributions are made to a defined benefit scheme. The change affects the date from which a *Benefit Certificate* may be effective. An employer is required to obtain a *Benefit Certificate* to verify that it has satisfied contribution obligations under the SG legislation.

This is relevant to your SG obligations for employees who are members of the SAS Trustee Corporation (STC) defined benefit schemes - SASS, SSS, PSS, including the SANCS. Unlike an accumulation fund where SG support is measured by way of actual contributions made, SG support for a defined benefit scheme is measured by the amount of benefits a member is entitled to receive from a scheme and the notional amount of employer contributions needed to provide those benefits. It is irrelevant how much an employer actually contributes to the scheme.

The measurement of the benefits and notional contributions is calculated by an actuary. This is provided in an *SG Benefit Certificate* as required under the Commonwealth's SG legislation.

The amendments to that legislation from 1 July 2003 change the date from which a *Benefit Certificate* can be effective. There is no change to any previous employer responsibilities. An employer must simply have access to a certificate that has effect for a quarter. As a certificate can remain effective for up to 5 years, employers only require a copy of a certificate every 5 years or when a new certificate is issued, if earlier. The current benefit certificate for the STC schemes is effective until 30 June 2004.

For the STC schemes, rather than issue the certificate to all employers when a certificate is prepared by the actuary, it is simply held by the Trustee on behalf of the employer. It is provided to individual employers on request to the administrator. Normally, those requests would be the result of a pending SG audit to be undertaken by the tax office on the employer. There does not need to be any change to this process as a result of the legislation amendment.

Proposed Salary Sacrifice contributions to SASS

STC is examining the feasibility of SASS members being provided with the option to pay their personal (employee) contributions to the scheme on a *salary sacrifice* or before-tax, basis.

If implemented, SASS members would continue to contribute from 1 – 9% of salary. However the amount deducted from their salaries would need to be grossed up to include an allowance for the 15% tax payable by the fund on receipt of such contributions (as effectively they must be treated as *employer* contributions for tax purposes). For example, if a member currently pays \$100 in contributions, then under a salary sacrifice arrangement they would need to contribute \$117.65. The fund then taxes that amount at 15% ($117.65 \times .15 = 17.65$) resulting in \$100 being credited to the member's Personal Account Balance.

A range of technical issues need to be addressed before the proposal can be implemented. Amendments to the scheme's governing legislation would be necessary. STC and Pillar Administration are investigating the practicalities of administering SASS salary sacrifice contributions from both the employer and scheme administration perspectives. Discussions are being held with the Premier's Department and selected employers. Information about developments on this initiative will be provided as it becomes available.

Questions & Answers

Q. What are the employer requirements when a SASS or SSS member transfers to another Agency?

A. Transferring employees do not always correctly identify their scheme or may not always qualify for continuity in their previous scheme. Employers need to correctly identify a new employee's scheme and promptly forward the details. Delays in doing so can result in the employers not meeting their legislative obligations and can also result in arrears for members.

Always ensure that you check with any new employee to see if they already have an existing account. If they already have an account and a new account is created, they could end up paying double fees!

New employees seeking to transfer their SASS or SSS membership must meet the following requirements:

1. They must have ceased employment with the previous employer.
2. Members who have not ceased employment with their previous employer will need to be commenced in FSS.
3. Members must apply for continuity to SASS or SSS within two months of commencing employment. This does not apply however for internal transfers.

Members cannot apply for continuity in SASS or SSS if the break in employment is greater than three months. If a transferring member does not meet the above criteria, you will need to commence them in FSS. If the member meets the above requirements, employers should send the member's details to the following e-mail address:

SASS_conts@pillar.com.au or
SSS_conts@pillar.com.au

Information required for members who transfer in to your organisation, includes the date of commencement and full and part time salaries at that date.

Q. How can employers obtain new member numbers in FSS?

A. Accessing new member numbers is easy and will save you lots of time. The employer web site (www.pillar.com.au) will allow you to view the basic details of active FSS members in your employment. You can view the member's identification data including the FSS Membership Number, Name, Date of Birth and Address.

To access this facility, log onto Pillar's Employer web site in the normal manner, and then click on *Member Enquiry*. You will then be given the following options:

- single member search;
- new member search (new members created in the last 7, 14, 30 or 60 days); or
- full membership search by employer code.

The files created may be downloaded as required. This facility will provide you with immediate access to new member numbers for inclusion to FSS contribution returns which will ensure the accuracy and timely allocation of monies directly into the member's account.

To advise Pillar Administration of any changes and/or errors in the data, please utilise the "*click here*" feature which follows the creation of the relevant member file. Please note that Date of Birth and name changes must be accompanied by a certified copy of the relevant certificate (eg. Birth/Marriage/Divorce).

Should you require any further assistance in relation to use of this facility, refer to the *User Guide for Employers* within the Employer area of Pillar's web site (www.Pillar.com.au) or contact your Employer Relationship Manager.

Q. Can FSS members contribute after age 70?

A. Under Commonwealth rules, a person who has reached age 70 is no longer eligible to receive employer superannuation guarantee contributions. Employers are required to make a payment equivalent to the SG contribution rate to employees through the payroll (Premier's Department Circular 99-49).

Employees working at least 10 hours per week may make personal contributions to superannuation up to age 75. This can be paid into FSS as optional employee (post-tax) contributions (OEE).

Commonwealth rules also allow a benefit to remain in the superannuation system until age 75, providing the member is working at least 10 hours per week. A member aged 75 or more must be working at least 30 hours per week to leave a benefit deferred.

Employer Relationship Managers Contact Details

If you have any questions about this newsletter or other superannuation issues, please contact your Employer Relationship Manager:

Phil Jones

Employers in Education and Public Service
Phone: 9238 5282
Email: phil_jones@pillar.com.au

Ann McGee

Employers in Government Trading
Enterprises, Police & Universities
Phone: 9238 5275
Email: ann_mcgee@pillar.com.au

Michael Foreman

Employers in Health, Local Government,
Energy Industries, Rural Land Protection
Boards, Waste Planning and Management
Boards
Phone: 9238 5760
Email: michael_foreman@pillar.com.au

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