



COMMON QUESTIONS RAISED

at recent employer seminars

Recently, seminars were held for those employers who responded to communication resulting from the Auditor-General's report on superannuation.

These seminars addressed the following matters raised by the Auditor-General:

- Employers' legislative responsibilities regarding superannuation.
- Contributions and timeliness.

- *Salary* for superannuation purposes.
- Reconciliations.

Thanks to those employers who participated. If you could not attend and would like a copy of the presentation, please contact Kristyn Mathie by either phone 9238 5028 or email kristyn_mathie@statesuper.nsw.gov.au

This update looks at common questions asked including salaries (this page) and reconciliations (see page 2).

“Are retrospective pay increases included in the SASS and SSS Annual Review Day advice of salaries?”

No. The salary used for Annual Review Day purposes is the salary actually in payment to the member on the Annual Review Day. Retrospective increases are not included until the next Annual Review Day.

“For any scheme, what happens if the member exits and they have received a retrospective pay increase?”

Employers need to advise SAC of the amended salary payable figure on the exit form, in addition to the exit salary. This will ensure that member benefits are calculated according to the correct salary figures.

“If a member has a promotion after either the SASS or SSS Annual Review Day, can the member still take up extra units based on the higher salary?”

No, the member would have to wait until the next Annual Review Day.

“Is there a limit on how much an employee has to earn before the 8% Superannuation Guarantee contribution is payable into First State Super?”

If an employee earns less than \$450 in any month or works less than 10 hours in any one week, the 8% is not payable.

If within any 1 month, the employee earns more than \$450 or works more than 10 hours in a week, then 8% is payable into FSS. The 8% would continue to be payable for the following 2 years irrespective of how much the employee earns in a month or hours worked once the initial eligibility *hurdle* has been achieved.

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Annual Review Day schedules will be sent to employers in December.

This Super Update outlines common questions raised about the salary to be reported.

Common QUESTIONS

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What is salary for First State Super purposes?

Salary is based on the member's ordinary time earnings and includes over award payments, shift loading, performance related bonuses, pay for annual leave or sick leave taken. It does not include overtime earnings, annual leave loading, accrued annual or long service or sick leave taken as a lump sum on termination, or workers compensation. *Ordinary time* earnings are defined in an ATO ruling – SGR 94/4. A copy of SGR 94/4 may be found on the ATO web site, www.ato.gov.au (go to legal database, then rulings, and key in SGR 94/4).

Change of address

Just a reminder.

SAC's Operations area has relocated to Wollongong. All cheques, forms, returns and other communications (both member and employer) should now be sent to:

PO Box 1229
South Coast Mail Centre
NSW 2521
Fax: 4253 1688

Reconciliation of **EMPLOYER SUPER** payments and member contributions

How does it work?

The Auditor-General's report noted that reconciliations were not being conducted regularly.

The Trustee's administrator (Superannuation Administration Corporation – SAC) invoices employers on a monthly basis for SSS and SASS.

It is important for employers to carry out monthly reconciliations.

- SAC sends a pre-list/Annual Adjustment Day schedule of new rates applicable.
- Employers should verify and act upon any changes (eg. leave without pay, change of employment status, employment transfer) advised on a monthly basis via the monthly invoice.
- Your Employer Relationship Manager has additional reports which can help if you are having difficulty with a current or old reconciliation problem. These reports provide details at an individual member level.

When do employers have to send contributions?

Contribution type	When SAC is to receive contribution from employers
SASS, PSS member contributions	Within 7 days of end of month.
SSS member contributions	Within 7 days of 4 weekly contribution period.
SASS, SSS, PSS salary sacrifice contributions into FSS	Within 1 month from the end of the contribution period.
SASS, SSS, PSS employer contributions	Within 7 days after the last day of each month if the employer pays direct contributions rather than Treasury paying them.
FSS employer contributions	Within 1 month from the end of the contribution period (fortnightly if employer pays fortnightly or monthly if employer pays on a monthly basis).
FSS member or salary sacrifice contributions.	Within 1 month from the end of the contribution period.

Note: The Auditor-General's report noted that it is important to keep a copy of any member authority to deduct money from salary.

If the contributions are paid late into FSS, what interest is payable by employers?

Currently 9% *per annum*, if not paid within the required time (see table above).

Why you should send **VIA THE WEB ALL FSS SUPER CONTRIBUTIONS** – including salary sacrifice

Sending members' contribution data and making payments can often be a difficult task. We can help you to make it more efficient and simpler. Sending FSS Contributions via the Internet has the following advantages:

- Security
- Speed
- Efficiency
- Convenience

These are the four compelling reasons why FSS now receives around 80% of its contribution data via the Internet. **However most employers are not taking full advantage of these benefits.**

Is your organisation:

- Sending some, or all, returns on paper?
- Drawing a cheque and posting the payment? or
- Filling out a form to attach and send with the payment?

Then it is time you took full advantage of on-line contributions and direct debit payments.

This is **HOW** it is done:

- If you're still sending *any* paper returns, call your Employer Relationship Manager to find out how easy it is to **send all contribution types via the Internet.**
- If you are making payments by EFT, direct debit or direct credit, now when you send data via the Internet you simply use the **on-line remittance advice.** Even if you pay by cheque, you can print the completed remittance advice from the data entry screen and send it with the cheque – **either way there's no more filling out a paper form.**

- If you are still paying contributions by cheque now there's a better alternative. Paying your superannuation contributions by direct debit is **recommended** as best practice by the Auditor General for all NSW Government Agencies. It's also the most convenient way for employers. When you send data via the Internet you save time and increase efficiency. The **direct debit option** really makes the process simple.

What to do to enjoy internet processing

- Once you send data via the Internet you are automatically using our On-Line Remittance Advice. This means you no longer need to complete a separate form when you make a contribution payment to us.
- Obtain a Direct Debit Request form from your Employer Relationship Manager at SAC and you can also stop sending cheques with your FSS contribution payments.

New FSS members – use **MEMBER NUMBERS**

Duplicate accounts for FSS members is an ongoing problem.

Problems can arise through the use of inconsistent member data eg. John Smith, J Smith, John Edward Smith may all be the same person, and result in the creation of further accounts.

The solution is to use member numbers only for existing members. Your Employer Relationship Manager (see outside back cover for details) can provide you with an up to date list of member numbers (hard or soft copy).

CONVERSION OFFER

Former SSS and PSS members who accepted the Treasury Conversion offer and who remain in First State Super were given the right to resume their membership of SSS or PSS. This right ceased on 30 June 2001 and around 180 members indicated their interest in returning to their original scheme. The Trustee will be writing to these members to inform them of their choices.

Interested in **HOLDING A SEMINAR** for First State Super members?

The FSS Trustee Corporation has recently taken over the FSS field team (member seminars) from the administrator. Greater emphasis will be placed on building relationships with employers and FSS members through employer groups.

If you would like a seminar for FSS members arranged, please contact either:

Anna Willis (02 9238 5577)

Graham Green (02 9238 5575)

Karen Potter (02 9238 5045)

For more information about the 'salary' to be used for superannuation, see:

- June 2001 Super Update
- Employer Guides
- Visit the employer areas of the web sites

FSS web site:

www.firststatesuper.nsw.gov.au

SASS, SSS, PSS web site:

www.statesuper.nsw.gov.au

- Contact your Employer Relationship Manager

(see outside back cover for details)

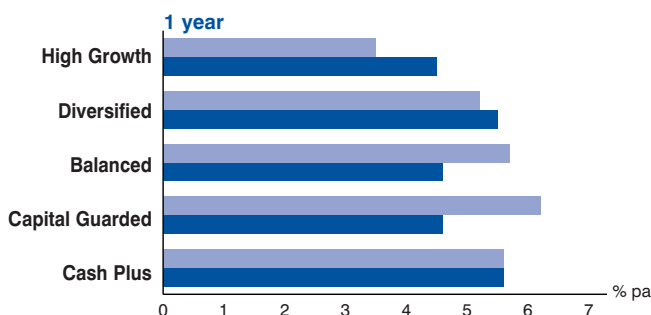
investment

update

FSS returns have **OUTPERFORMED** **COMPARABLE** average managers over the past 5 years

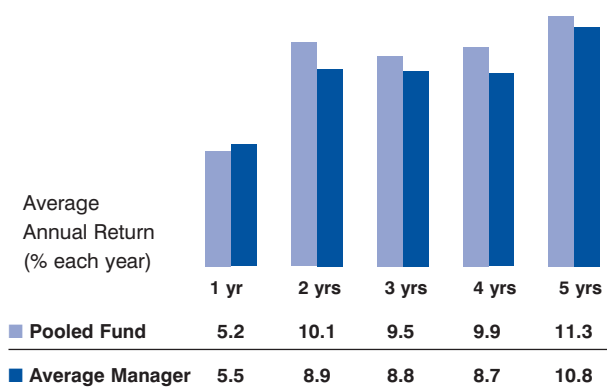


*InTech is an asset consulting firm which publishes surveys of the investment performance of superannuation fund managers.
#UBSWA Bank Bill Index less 15%



The **POOLED FUND** also has **OUTPERFORMED** the average manager over a rolling 5 year period

Annualised return of the Pooled Fund relative to the average growth fund manager for periods of 1 to 5 years ending 30 June



Over the past year, the higher growth strategies (more exposure to shares) have marginally under performed the average manager in the InTech survey. The main reason is that FSS has hedged 50% of its international shares against the Australian dollar and the Australian dollar has fallen in value. This has reduced the returns from international shares. Historically, the 50% hedge has been competitive. When the Australian dollar moves back towards its long term fair value, FSS will benefit.

FSS members also continue to benefit from FSS having low fees, since it is a not for profit fund (in other words, FSS only charges members what it costs to run the fund).

For an update on the September 11 events and the impact on FSS returns, see investment returns at September 2001 under hot topics on the FSS web site, www.firststatesuper.nsw.gov.au

Employer Relationship Manager contact details

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

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