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The following information will be relevant to you if you are employed on a fixed term Total Employment Cost (TEC) contract.

Usually people employed on TEC contracts are government executives and the employment contract is often referred to as having a Total Remuneration Package Value (TRPV). If you are unsure of your personal situation, this can be checked with your Human Resources officer.

Defining your salary for the purposes of calculating your super

Your salary (called a "superannuation salary" for the purposes of calculating your super) is defined as a percentage of your TEC. The contributions you make to your super (member contributions) and your final super entitlements are based on your superannuation salary.

The percentage of your TEC used to calculate your super salary

82.5% of Total Employment Cost is used to calculate your super salary.

Super salaries are not calculated the same way for everyone on TEC contracts

This depends how long you are on a TEC contract. The explanation above only applies to you if you are on a TEC contract with a term of at least five years, or you have been on more than one contract with terms that aggregate five years or more. If you are on a contract, or contracts, for less than five years, you will continue to have your super contributions and entitlements based on the salary of the previous non-TEC contract position that you held.

Your member contribution rate

You must maintain your standard contribution rate (ie 6%) unless you were contributing at a lower rate before commencing your TEC.

Employer costs charged to your TEC contract

The current cost for Lump Sum Scheme members is two times the employee contribution rate.

Example of the Schedule 2 of a contract where Mary is a member of the Lump Sum Scheme and making a 6% employee contribution:

Schedule 2	
Total remuneration package value	
	Schedule at July 2016
Monetary benefits component (per annum)	
Salary	\$122,797
Non-monetary benefits component (per annum)	
Motor vehicle	\$17,100
Employer superannuation contribution	\$15,372
Total Remuneration Package Value (per annum)	\$155,269

As Mary is a member of the Lump Sum Scheme, her superannuation salary is 82.5% of her Total Remuneration Package Value, or \$128,097 per annum.

Mary's employee contributions would be 6% of 128,097 or \$7,686 per annum.

The employer super contribution is calculated as 2 times the employee contribution rate. Mary's employer super contribution is 12% of her superannuation salary of \$128,097 or \$15,372.

EXECUTIVE OFFICER SUPERANNUATION ARRANGEMENTS



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Status of super entitlements if an untentured contract is not renewed

If an untentured contract is not renewed at the expiry of the term of the contract, in terms of the Superannuation Act, the member will be taken to have resigned. Where the member is over the age of 55 years, a retirement entitlement is payable, but where the member is under the age of 55 years, the member can preserve their accrued entitlement until they reach age 55. A member who preserves their accrued entitlement until age 55 can no longer contribute to the Scheme.

Further information

If you have any questions about executive officer super arrangements please contact the Executive Contract Hotline on (08) 8207 1968.

Contact us

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Disclaimer

The information in this document is intended to help you understand your entitlements in the Lump Sum Scheme. Super SA does its best to make sure the information is accurate and up to date. However, you need to be aware that it may not include all the technical details relevant to the topic. For the complete rules of the Lump Sum Scheme, please refer to the *Superannuation Act 1988*. The Act and accompanying Regulations set out the rules under which the Lump Sum Scheme is administered and entitlements are paid. You can access a copy from the Super SA website.

The Lump Sum Scheme is an exempt public sector superannuation scheme and is not regulated by the Australian Securities and Investments Commission (ASIC) or the Australian Prudential Regulation Authority (APRA). Super SA is not required to hold an Australian Financial Services Licence to provide general advice about the Lump Sum Scheme.

The information in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Super SA recommends that before making any decisions about the Lump Sum Scheme you consider the appropriateness of this information in the context of your own objectives, financial situation and needs, read the Product Disclosure Statement (PDS) and seek financial advice from a licensed financial adviser in relation to your financial position and requirements.

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