PURCHASED LEAVE

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Purchased leave enables you to exchange an agreed reduction in salary in return for extra periods of leave over a specified period of time. Making an arrangement can impact on your final retirement benefit.

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Purchased leave is planned in advance and funded by evenly spread salary deductions over the period of the agreement.

There are two types of purchased leave arrangements:
- The 48/52 arrangement
- The 4/5 arrangement (also known as "a variable year employment").

These arrangements are subject to approval from your employer.

The 48/52 arrangement

A purchased leave 48/52 arrangement allows you to exchange salary for up to an extra four weeks purchased leave per year.

You can purchase one, two, three or four weeks additional leave during a 12-month period in return for a lower percentage of your substantive salary.

The 4/5 arrangement

A purchased leave 4/5 arrangement, or variable year employment, allows you to work for four years full time while being paid at 0.8 of your full-time salary and take the leave for the fifth year, continuing to be paid at 0.8 of your full-time salary.

Although this type of purchased leave is referred to as "4/5" you are able to take some of this leave before the fifth year.

Effect of superannuation

For the purpose of assessing super, an employee who purchases leave will be considered as being employed on a part-time basis for the duration of the arrangement.

Member contributions paid to the Lump Sum or Pension Scheme will be based on the actual salary paid as at 31 March each year and apply from the following 1 July.

Entitlements already accrued before commencing a 48/52 or 4/5 arrangement remain unaffected.

Example for the Pension Scheme

Chris is a member of the Pension Scheme and earns $75,000 per year.

Chris is entitled to an age 60 retirement pension entitlement of 70% of final salary after 30 years of membership.

By taking four weeks of purchased leave over a 12-month period, Chris' retirement pension entitlement would be reduced by approximately 0.2% to 69.8% of final salary.

On a salary of $75,000 this reduces Chris's fortnightly pension income by $150 per year.

Example for the Lump Sum Scheme

Sam is a member of the Lump Sum Scheme who earns $63,000 per year.

Sam is entitled to a lump sum employer component of 5.7 times final salary after 35 years of membership of the Scheme.

By taking a 4/5 purchased leave arrangement, Sam's entitlement is calculated based on 30 years of full-time membership and five years of part-time (0.8) membership.

Sam's employer component (which is part of his total lump sum entitlement) would be reduced to 5.5 times final salary (a reduction of approximately 0.2 times final annual salary).

On a salary of $63,000 this reduces the employer component of the total lump sum entitlement by $12,600.

These examples are for illustrative purposes only.

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Further information

More information about Purchased Leave can be found in the Commissioner for Public Employment's Determination on Voluntary Flexible Working Arrangements, available at **www.publicsector.sa.gov.au**.

Fact sheets on a range of topics relating to your super are available on the Super SA website and from Super SA. Alternatively, if you have any enquiries regarding how purchased leave may affect your entitlements or any other matters raised in this fact sheet, please contact Super SA.