

# Government Superannuation Fund

## Frequently Asked Questions

Questions and answers about matters of general interest with respect to the Government Superannuation Fund (**GSF**), and on ceasing Government service, Former Higher Salary Elections, Leave Without Pay, Contributing in Respect of Prior Interrupted Service and Pension Payment Dates, are given on the following pages.

If you have any further questions please contact Datacom, the GSF Schemes Administrator as follows:

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### Disclaimer

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To the fullest extent permitted by law, neither the Authority nor any other person accepts any liability for any loss, damage, cost or expense that may arise from any reliance on any information contained in this document.

The policies and conditions described in this document can change over time. You should check with the GSF Schemes Administrator that the information in this document is up to date, before acting upon it.

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## A. GENERAL QUESTIONS

### 1. Do I have to declare my GSF pension for income tax purposes?

All GSF pensions became free of tax on 1 April 1990. Therefore members resident in New Zealand no longer need declare their allowance to the Department of Inland Revenue. From 1 July 2010, pensions paid from New Zealand are also tax free for members resident in Australia.

### 2. How can I get a GSF Earnings Certificate?

GSF Earnings Certificates can be provided on request as proof of income for a Community Services Card, Disability Allowance etc. Please contact Datacom if you require a GSF Earnings Certificate or Cost of Living Advice Notice.

### 3. What do I need to do if I want to change my bank account?

If you wish to change your bank account you should advise Datacom in writing, providing your full bank account number and pay date you want the change to take effect from, or by using the Change in Personal Details Form which can be found on the GSF Schemes and Administration section of the GSF website. Please note that your pension (retiring allowance) must be paid to a bank account in your name.

### 4. Can my pension be paid into an Overseas Bank Account?

If a member intends to reside overseas permanently, depending on the country of residence, their pension (retiring allowance) may be paid to an overseas bank account.

Datacom should be notified of any change of address as a certificate requiring confirmation of the member's whereabouts is sent annually. Failure to return the certificate could result in suspension of the pension (retiring allowance).

Note: A fee of \$5.00 each four weekly payment is charged when the pension (retiring allowance) is paid into an Australian bank account and \$15.00 when paid to any other country.

### 5. Can I assign any of my pension (retiring allowance) to another person?

The GSF Act allows contributing members, when they become entitled to a retiring allowance (or three months prior), to surrender part of their pension and assign an actuarially equivalent amount to a partner or another person. For further information on this option please see to Booklet GS2.

Quotes are available from Datacom for this option. To provide you with a quote, Datacom will need the following information:

- Member details - name, address, and GSF reference number
- Assignee's details - full name and date of birth

### 6. Would my GSF entitlements be considered Relationship Property?

Entitlements may also be allocated to separated or divorced partners under agreements made under the Property (Relationships) Act 1976. Where part of a retiring allowance is allocated to a third party, the allowance ceases upon the death of the former contributor, unless they have been made by a permanent surrender (assignment) of part of a retiring allowance (see question 5).

**7. What will my spouse receive when I die?**

If a contributor or an annuitant dies a surviving spouse is entitled to a benefit, which is usually a pension.

A spouse may include any man or woman whom the Authority considers to be the wife or husband of the member at the date of death. The Government Superannuation Fund Authority recognises de facto and same sex relationships.

Examples of the information required to support an application for a spouse allowance are as follows:

- Spouse's birth certificate
- Marriage certificate or evidence of a de facto relationship
- Member's death certificate
- Spouse's bank account details

**8. Is there any allowance payable to my child if I die?**

Where a contributor to GSF dies, whether before or after becoming entitled to a retiring allowance, and leaves a child or children under the age of 16 years, an allowance is paid to the child until that child attains the age of 16 years. At the discretion of the Government Superannuation Fund Authority, this allowance may be extended to assist with the child's education until the end of the year in which the child turns 18.

In cases where the Authority considers that the child has a physical or mental disability, the child allowance may be paid for such period as the Authority thinks fit.

Examples of the information required to support an application for a child allowance are as follows:

- Child's birth certificate
- Member's death certificate
- School attendance verification (if over age 16)
- Child/ Guardian bank account details

## **B. CEASING GOVERNMENT SERVICE**

**9. I will be retiring/resigning/made redundant from my position.  
What do I need to do?**

You need to complete form GS20/1 (see Booklet GS20) which advises Datacom of your election on ceasing Government service.

If you are eligible to take your retiring allowance immediately on ceasing Government service you may wish to contact Datacom before you cease service to obtain details of the options available to you (see question 13). These options will be provided, in any event, following your cessation of service.

**10. I will be retiring/resigning/made redundant from my position.  
Does my employer need to do anything?**

Your employer should confirm the details of your cessation of service to Datacom, advising your last day of paid service for GSF purposes. Datacom will request your employer to complete a GS1000 form.

**11. I will be commencing with another Government employer.  
What should I do?**

You should complete form GS1 (see Booklet GS19) and send it to Datacom who will check that you are eligible to continue contributing to GSF and contact your new employer for your commencement details.

It is recommended you contact Datacom if you are considering alternative employment to confirm you will be eligible to continue contributing to GSF through that employer.

**12. I have annual leave owing on cessation of Government service. Should this be included in my service?**

Any leave taken prior to the last day of employment will be included in the contributory service used to determine your retiring allowance. The earliest your entitlement can come into payment is the day after your last date of employment in Government service. (Note that because of annual leave, your last day of employment may not be the same as your last day at work.)

**13. How do I find out my entitlements upon ceasing service?**

If you contact Datacom with your details, they will provide you with estimates of your options. Further information on your entitlements on ceasing Government service are available in Booklet GS20.

**14. How much notice do we require?**

For all options, we will action requests within 5 working days of receiving **all** the information required to action your request. Please note that if your employer payroll has not been informed of your cessation of service it may take some time to get the required confirmation of cessation from them.

**15. When is the earliest you can pay me?**

The earliest that your entitlement can come into payment is the day after your last day of employment in Government service. (This may include periods of leave.) See also question 17.

**16. I still owe GSF money on ceasing service, what can I do?**

You may either pay any monies owed by a lump sum payment, or the amount owing can be deducted from the first instalment of your entitlement. All outstanding amounts must be paid before your entitlement can be paid.

**17. How long do I have to make a decision?**

If you are entitled to receive payment of a retiring allowance, you normally have 10 working days, from the date you are notified of the options available, to notify Datacom of the options you wish to take. If you do not make a decision within this timescale, your retiring allowance will normally come into payment at the date you do make an election. No backdating is permitted.

**18. I have a charge over my contributions, what happens now?**

Datacom will contact the chargeholder and advise them you are ceasing Government service. The chargeholder may either claim an amount from your contributions, or release the charge. Payment of your entitlement will not be made until either the charge is released or the contributor has agreed to the amount claimed.

## C. FORMER HIGH SALARY ELECTIONS

### 19. Who can elect to pay on a former higher salary?

Anyone whose salary rate, for the purposes of GSF, has reduced due to any reason other than misconduct can elect to make a former higher salary election.

### 20. When can the election be made?

An election must be made within three months of the reduction in salary or within a longer period at the discretion of the Government Superannuation Fund Authority.

### 21. What do I have to pay?

The contribution payable will be based on the former higher salary rate, indexed annually to the Consumers Price Index on the anniversary of the former higher salary election.

Should the former higher salary, including any increases as above, become less than the current actual salary then the election becomes ineffective and contributions are payable on the contributor's actual salary.

If the contributor's employer is not prepared to contribute the employer subsidy at the higher salary rate the contributor will be required to pay the difference between the employer subsidy on the previous higher salary and the employer subsidy on the contributor's actual salary.

### 22. If I pay employer subsidy, is that refunded to me in any circumstances?

No, the employer subsidy remains in GSF and is not refunded to a contributor in any circumstances.

### 23. I am moving to part-time hours, how does this election affect me?

The option to make a former higher salary election does not apply if a contributor's salary is reduced as a result of a reduction in hours worked, unless the rate of salary is also reduced. In this case the contributor may elect to contribute on the part-time equivalent of the former higher salary.

For the purposes of calculating a contributor's retiring allowance, a contributor's part-time salary is, in any event, increased to its full-time equivalent.

## D. LEAVE WITHOUT PAY

### 24. What do I have to pay?

If you are over age 50, or under age 50 and have not formally elected to cease contributions to GSF prior to going on leave, you must pay contributions on a full cost basis during any period of leave without pay. This includes both your contribution and the equivalent of the employer subsidy. Please contact Datacom to ascertain the cost.

### 25. Can I elect to cease contributions while on leave without pay?

If you are under age 50, you may elect to cease contributions while on leave without pay. However, you must formally elect to cease contributions prior to commencing the period of leave. Contributions must be paid up to the effective date of the election.

If you wish to make an election to cease contributions in these circumstances please contact the scheme administrator before you go on leave without pay.

On subsequently reaching age 50, if you have not recommenced contributions, your contributions paid to date will be paid and you will not be eligible to rejoin GSF.

### 26. Can I pay contributions while on leave?

Yes, you can pay contributions by direct credit to:

Account name            Government Superannuation Fund  
Account number        06 0501 0652170 01

Please ensure you complete the following details:

Particulars            Insert the word DEBT  
Reference              Insert your GSF member number here  
Other Party            Insert your [member] name & initials

### 27. How can I pay for the period of leave without pay?

You can pay for the period of leave without pay by way of a lump sum payment within one month of your return to duties or by instalments. If you wish to pay by way of instalment please contact Datacom for further information.

### 28. Is interest charged?

Unless full payment is made within one month of your return to duties interest is charged. Datacom will be able to provide you with details of any interest payments.

### 29. What do I get refunded if I pay for the period of leave without pay?

If you are entitled to a refund, you will receive only the contributor's portion of any payment made in respect of leave without pay. All employer subsidy and interest charges are retained by GSF and do not in any circumstances form part of any refund.

### 30. Does the employer have to pay anything?

No, the contributor is liable to pay the full cost of leave without pay.

## **E. CONTRIBUTING IN RESPECT OF PRIOR OR INTERRUPTED SERVICE**

### **31. Who can contribute?**

Anyone who is a current contributor to GSF and has previous Government service that is not already included in his or her contributory service may elect to contribute in respect of prior or interrupted service. However conditions apply if you are over 50 years of age or where the service was not permanent or full-time.

### **32. I am over 50 years old can I contribute?**

If you are aged over 50 years you may only contribute in respect of prior or interrupted service with the prior approval of the Government Superannuation Fund Authority. You should contact Datacom if you wish to apply for approval.

### **33. What does it cost?**

Contributions are made on the higher of the salary received by the contributor during the non-contributory period, and the salary the contributor is receiving at the time the election is made.

The contribution rate for those contributors under the age of 50, purchasing full-time permanent service, is 6.5% of salary, for the period being purchased, unless they are electing to contribute in respect of a period of pre-entry training or service or for any period of leave without pay. In these cases the contributor has to pay the full actuarial cost (ie employee contribution and employer subsidy) of purchasing the service.

Purchase of service which was not full-time and permanent, and the cost of purchasing such service subject to the approval of the Authority.

Contributors aged over 50 years have to make contributions reflecting the full actuarial cost ( ie employee contribution and employer subsidy) of the service in respect of which they wish to contribute.

The cost of purchasing service will be provided by Datacom on request.

### **34. How much prior service can I purchase?**

You can elect to purchase any previous Government service which is not already included as contributory service, plus any pre-entry training or service. The agreement of the Authority may be required in some circumstances, for example, where the service to be purchased was not full-time.

### **35. What is pre-entry training/service?**

Pre-entry training is defined as study or training leading to a recognized degree, diploma or certificate, including apprenticeships, which the Authority considers a requirement of, and relevant to the position held by the contributor at the time of their initial appointment. The period which may be purchased must not exceed the period normally required to obtain the qualification concerned.

Pre-entry service includes employment as a practitioner, tradesman or employee in a type of work providing a specialized skill or knowledge which in the opinion of the Authority has been a requirement of, and relevant to the position held by the contributor at the time of the initial appointment.

**36. What do I need to do to contribute in respect of prior service?**

You should complete Form GSF22/1 (see Booklet GS22) and ensure your payroll officer completes section B of that form.

Those wishing to contribute in respect of pre-entry training or service also need to send in copies of their certificates and a letter of recommendation from their employer stating that the period(s) were relevant to their current position. Once all of the relevant information is received an offer to contribute for the periods of service will be sent to you.

**37. How long is an estimate valid for?**

Datacom can provide you with an estimate of the cost of purchasing prior or interrupted service. The estimate is valid for 30 days from the date it is sent to the contributor.

**38. How can I pay the contributions for the purchase of prior service?**

You can pay for the purchase of prior service by way of either a one off lump sum payment, regular lump sum payments, or by fortnightly deductions from salary over periods of up to 10 years. Interest will be charged where payment is not made by way of a one off lump sum payment.

**39. What happens if I cease service and have not fully paid the contributions?**

If you cease service before you have paid for the purchase of a period of prior service in full, you have the option of completing the payments, or take a smaller benefit based on the service actually paid for at your cessation date.

**40. Are the contributions for purchase of prior service refundable in any circumstances?**

If you are entitled to receive a refund, you will receive only the employee contribution portion of any contributions paid in respect of the purchase of prior service. All employer subsidy and interest charges are retained by GSF and do not in any circumstances form part of any refund.

NOTE: Payments made to GSF in excess of the standard employee contribution rates (e.g. when the employee pays the equivalent of the employer subsidy), are not refundable in any circumstances and are not included in the calculation of the value for transfer into an alternative scheme.

## **F. EMPLOYER SUBSIDY AND TOTAL REMUNERATION PACKAGES**

### **41 What are the employer subsidy rates?**

The employer subsidy rates are the amounts employers are required to pay to GSF to meet the expected cost of future entitlements for their employees who are GSF members (that is, entitlements arising from service after the valuation date).

Employer subsidy rates are determined by the Authority's Actuary each year, to apply from the following 1 July. Unlike member contributions, the employer subsidy rates vary over time.

### **42 What factors affect an employer's subsidy rate**

An employer's subsidy rate will depend on the age/salary profile of its GSF members, as well as the assumptions used by the Actuary in determining the rate.

The cost of providing a member's entitlement increases as the member gets older, as there is less time to invest the monies. As the GSF schemes are closed to new joiners, the average age of members is increasing and therefore the expected cost will increase.

All other things being equal, employer subsidy rates are therefore expected to increase gradually over time.

The two more significant assumptions used in determining the employer subsidy rates are the expected return on assets and expected rate of inflation. The Actuary reviews these assumptions annually.

The higher the expected rate return on assets assumed, the lower the employer subsidy rates. The higher the expected rate of inflation assumed, the higher the employer subsidy rates.

Consequently, depending on the assumptions used to determine the employer subsidy rates, together with the membership profile, an employer's subsidy rate may increase or decrease year to year.

Note, following the Global Financial Crisis in 2008/09, the actual return achieved on assets has no impact on employer subsidy rates and all investment risk is borne by the Crown.

### **43 Does my employer have to pay the employer subsidy and can they pass the cost on to me?**

Your employer is required to pay the employer subsidy to GSF if you are eligible to make, and are making, contributions to GSF.

How the employer subsidy is funded is, however, a matter for agreement between you and your employer and will depend on the terms of your employment contract with your employer.

### **44 What will happen to my GSF superable salary if I am on a Total Remuneration Package**

If you are on a Total Remuneration Package, and you are meeting some, or all, of the employer subsidy from your total remuneration, then it is likely that your superable salary for GSF purposes will reduce whenever the employer subsidy rate increases, and increase whenever the employer subsidy rate decreases. This will affect your member contributions and potentially your entitlement.

**45 If my superable salary reduces is there anything I can do to protect my entitlement?**

If your superable salary reduces you will be eligible to make a former higher salary election. See section C for more information.

**46 What can I do if I cannot pay the higher subsidy rate?**

If you are under age 50, you may elect to suspend contributions to GSF. However, if you do not restart contributions to GSF before reaching age 50, you will then only be entitled to receive a refund of contributions on reaching age 50.

Irrespective of age, you may elect to suspend contributions to GSF provided you join and contribute to another qualifying scheme (eg a KiwiSaver scheme). If you are considering this option we recommend you contact Datacom to ensure that the scheme you intend to join meets the relevant criteria. Note, this election is irrevocable and once made you will no longer be eligible to contribute to GSF.

## G. PENSION PAYMENT DATES

### 47 When is my pension paid?

Pensions are paid 4 weekly on a Thursday. See the table below for a comprehensive list of pay dates over the next 5 years.

2014	2015	2016	2017	2018
2-Jan	1-Jan	28-Jan	26-Jan	25-Jan
30-Jan	29-Jan	25-Feb	23-Feb	22-Feb
27-Feb	26-Feb	24-Mar	23-Mar	22-Mar
27-Mar	26-Mar	21-Apr	20-Apr	19-Apr
24-Apr	23-Apr	19-May	18-May	17-May
22-May	21-May	16-Jun	15-Jun	14-Jun
19-Jun	18-Jun	14-Jul	13-Jul	12-Jul
17-Jul	16-Jul	11-Aug	10-Aug	9-Aug
14-Aug	13-Aug	8-Sep	7-Sep	6-Sep
11-Sep	10-Sep	6-Oct	5-Oct	4-Oct
9-Oct	8-Oct	3-Nov	2-Nov	1-Nov
6-Nov	5-Nov	1-Dec	30-Nov	29-Nov
4-Dec	3-Dec	29-Dec	28-Dec	27-Dec
	31-Dec			