

Employer Update

This Employer Update is important to Payroll Staff – it confirms Datacom's requirements for the collection and forwarding of Government Superannuation Fund (GSF) contributions and associated data.

What is GSF 'Superable Salary'?

Salary for GSF purposes means '*salary and wages paid regularly in return for services*'. An employee's GSF 'superable salary' is used to calculate the employer subsidy and employee contributions payable to GSF.

Some payments will form part of an employee's total remuneration package, but will not be considered part of an employee's Superable Salary for GSF purposes. Examples include:

- Overtime
- Higher earnings due to holidays
- Allowances paid for special work performed
- Car allowances
- Bonus payments
- Reimbursement of expenses
- Lump sum payments in lieu of notice
- Retiring gratuities
- Redundancy payments
- Employer contributions

If you are unsure whether a payment should be included as part of an employee's Superable Salary for GSF purposes, please contact Datacom on (04) 470 6348 or freephone 0800 654 731.

Why is it important to advise GSF of changes in Superable Salary?

Superable Salary is a key component in calculating a member's actual and estimated retiring allowance at retirement. Before commencing payment of a retiring allowance,

Datacom reconciles contributions received on behalf of the member with salary information advised by the employer. Where differences arise Datacom will send queries to employers.

You can assist in reducing the number of queries you receive by ensuring Datacom is advised, in a timely manner, of all changes to Superable Salary for GSF members.

Salary "at risk" or withheld

Approval from the GSF Authority is required before any 'at risk' portion of salary can be included as Superable Salary for GSF purposes.

A letter of request for approval should be sent to Datacom stating -

- Amount of salary at risk (out of the total declared Superable Salary).
- Total declared Superable Salary (including the amount of salary at risk).
- Effective date of salary at risk (to enable us to update the member record if approval is granted).
- Proposed date on which lump sum payment of employer subsidy/employee contributions with respect to salary at risk paid will be remitted to GSF.

Datacom must hold the correct salary information for each member, otherwise refunds may be made for an '*apparent*' overpayment of contributions, particularly where the salary information held by Datacom does not reflect the salary at risk component.

Employers should contact Datacom if they need further clarification. Contact Nida on 04 470 6364 or email leonidat@datacom.co.nz.

GSF Employer Manual

The GSF Employer Manual has recently been updated and is now available on the GSF page within the Datacom website:
<http://www.datacompeople.co.nz>

Calculation of employer subsidy and employee contributions

The examples set out below are for GSF contributions made on a fortnightly basis:

Normal:

Method 1

Salary x contribution rate x 14/365

Method 2

Salary x contribution rate x 10/260

Part Time:

Assumption 1: Normal hours per fortnight = 75
 Part Time hours/fortnight = 60

Calculation using:

Method 1:

Salary x Rate x 14/365 x 60/75 hrs

Method 2:

Salary x Rate x 10/260 x 60/75 hrs

Assumption 2: Normal hours/fortnight = 75
 Part time in percentage = 80%

Calculation using:

Method 1:

Salary x Rate x 14/365 x 80%

Method 2:

Salary x Rate x 10/260 x 80%

Total Remuneration Package

Members Total \$100,000

Remuneration

(assume \$100,000 includes \$10,000 vehicle cost and the employer contribution)

XYZ Employer subsidy rate prior to 10/10/2006 = 9.5%

XYZ Employer subsidy rate after 10/10/2006 = 11.00%

Prior to 10/10/2006 (employer subsidy rate of 9.5%)

Total remuneration	100,000
Less motor vehicle	-10,000
	<u>90,000</u>

GSF Superable Salary (90,000 ÷ 1.095*)	<u>82,192</u>
Annual employer subsidy (90,000 – 82,192)	7,808

In the example above, the employer subsidy and employee contributions are calculated and paid on GSF Superable Salary of \$82,192.

Post 10/10/2006 (employer contribution rate of 11.00%)

Total remuneration	100,000
Less motor vehicle	-10,000
	<u>90,000</u>

GSF Superable Salary (90,000 ÷ 1.11*)	<u>81,081</u>
Employer subsidy (90,000 – 81,081)	<u>8,919</u>

In the example above, the employer subsidy and employee contributions are paid on GSF Superable Salary of \$81,081.

Employer Subsidy Rates

Every year the Government Actuary reviews the employer subsidy rates for GSF.

Where there is a change in the employer subsidy rate in any year for an employer, Datacom will write advising the new rates. Changes in rates are effective 1 July 2007.

If you receive notification of a change in employer subsidy rate, you must make the necessary changes to your payroll system to apply the new employer subsidy rate from 1 July 2007 or the next available pay period after 1 July 2007.

Payroll Files - Part-time Employees

When creating payroll files for submission to Datacom, the full-time salary amount must always be given for all employees, regardless of whether they work full or part-time. If an employee is employed on a permanent part-time or temporary part-time basis, the full-time salary amount must be given along with the part-time percentage.

Example 1

The full-time equivalent salary for the position is \$50,000 p.a. The member works part-time 0.50 FTE (50%).

Payroll file entry: \$50,000 50%

Example 2

Member is working as 0.80 FTE (80%) of a full time position at \$48,000 and is reducing to 0.60 FTE (60%) on the same salary base.

Payroll file entry: \$48,000 60%

KiwiSaver – Affect on GSF

To help you to be able to respond to questions about how KiwiSaver may affect your employees (who are already GSF members), a set of KiwiSaver Frequently Asked Questions (FAQs) have been placed on the GSFA website: <http://www.gsfa.govt.nz>

Contact Details – for calls about employer issues

Employer subsidy issues

Davey Ead (04) 470 6368 daveye@datacom.co.nz

Receipt of GSF contributions

Mary Uy (04) 470 6362 maryu@datacom.co.nz

Payroll media issues

Jean Mathews (04) 470 6334 jeanm@datacom.co.nz

Refund of overpaid contributions

Alicja Bialoruski (04) 470 6365 alicjab@datacom.co.nz

General information relating to employer issues

Nida Templonuevo (04) 470-6364 leonidat@datacom.co.nz

Send - payroll files, remittance advice & contribution schedules to

gsfmedia@datacom.co.nz

Contact Details – for calls about individual members

(The letters below relate to the first letter of the member's surname)

Ruth Greenaway	I, M, P	(04) 470 6335	ruthg@datacom.co.nz
Paru Ramanathan	C, E, G	(04) 470 6332	parur@datacom.co.nz
Glenice Briggs	N, O, Q, R, S	(04) 470 6336	gleniceb@datacom.co.nz
Beverley Stratford	F, T, U, V, W, Y, Z	(04) 470 6337	beverleys@datacom.co.nz
Fe Ligeralde	A, H, J, K	(04) 470 6363	fe.ligeralde@datacom.co.nz
Mary Garner	B, D, L	(04) 470 6331	maryg@datacom.co.nz

General Information

Datacom GSF Schemes Administration

Phone:	(04) 470 6348	Freephone:	0800 654 731
Fax:	(04) 470 6366	Address:	PO Box 3614 Wellington
Email:	gsf@datacom.co.nz	Website:	http://www.datacompeople.co.nz/

Manager

Pam Truscott	(04) 470 6330	pamelat@datacom.co.nz
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