

## 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.

### **Definition of Salary - for Superannuation Purposes**

Salary, for superannuation purposes, means the salary or wages paid regularly in return for services. It does not include bonus payments, overtime, allowances paid for special work performed, reimbursement of expenses, lump sums paid in lieu of notice, retiring or redundancy gratuities, or contributions paid for or in respect of employer subsidy.

Salary at retirement/resignation may include a period of paid leave, annual or retirement or any other leave paid before a contributor ceases Government service.

If there is any query on what constitutes 'salary' for superannuation purposes you can contact Datacom to discuss the nature of the payment. In some circumstances Datacom may have to get a ruling from the Chief Executive of Government Superannuation Fund Authority.

### **Cessation of service - GS1000 Form**

As soon as we have been notified that a member is ceasing employment, a GS1000 form is emailed to a member's payroll office. Completion of the GS1000 forms ensures that any GSF entitlements are paid to the member as soon as possible if they are ceasing Government service.

On occasion employers have not completed the GS1000 form correctly. Some of the issues are:

- Several requests have to be made for the GS1000 form to be completed
- Information (i.e. last day of paid service, full time salaries or part time percentages) differs from actual payroll data received in final pay payroll file.

### **Definition - Last Day of Paid Service (LDOPS)**

GSF members are entitled to receive a GSF retiring allowance the day after the last day of employment in Government service.

The last day of paid service is the day on which the employment relationship between the contributor and the employer ceases. This date can include any period of leave paid out prior to cessation. Contributions and subsidy should be paid up to and cease on this date.

Common practice is for employers to record the last day of paid service as the last day contributions have been paid up to. This typically includes any period of annual leave. Some employers automatically deduct GSF contributions on retirement leave. As retirement leave can be several weeks/months, the last day of paid service should be discussed and agreed with the employee (member). During the discussion stage, it may be helpful for the member to contact us to discuss how the different last days of paid service would effect their GSF entitlements.

Note: A reduction in the hours of employment, a change to the employment contract or transfer to another school or Government department do not constitute a cessation of employment in Government service.

### **Employer Mergers & Transfers**

If there is a merger of companies or transfer of employees to another company, and GSF members are involved, we would appreciate early notification of the merger/transfer and the members affected. This way we can ensure that all necessary information relating to employment contracts and ongoing entitlement

to remain as GSF members is established prior to finalisation of the merger/transfer.

### **GSF Payroll File**

The GSF payroll file received each pay period details each member's contributions, their current salary, part time percentage, and salary effective date.

Accuracy of the information in the file is important as the details contained in it will determine the GSF members' retiring allowance for estimates, future entitlement statements and payment upon retirement.

Set out below are some common errors we experience with information within payroll files and their impact. For more information on the format of payroll files, please refer to Section 4 and Appendix 1 of the Employer Manual. (available at: <http://www.datacompeople.co.nz>)

#### **1. Salary effective date not updated**

A common issue is when a change in salary is sent in the payroll file, but salary effective date is not updated at the same time. The incorrect date will overwrite the previous details and will result in incorrect salary history.

*Example:*

Member salary is \$45,000 p.a. effective 1/07/06  
Salary increases to \$50,000 p.a. on 1/07/07  
The payroll file is updated to show salary of \$50,000, but the effective date is still 1/07/06.

*Effect:*

Salary will be overstated.  
Retirement allowance will be overstated.  
Contributions will show as underpaid.

#### **2. Part time percentage not expressed as a percentage**

Often the part time component is expressed in hours. The part time component must be presented as a percentage.

*Example:*

Full time week: 37.5 hours  
Member works part time: 30 hours  
Part time rate **should be:** 80.00 [= 30 / 37.5]  
Part time rate shown as: 30 → **incorrect**

*Effect:*

Salary will be understated.  
Retirement allowance will be understated.  
Contributions will show as overpaid.

#### **3. Incorrect salaries for part-time employees**

Salary should always be displayed at the full time (100%) rate.

*Example:*

Full time salary: \$50,000 p.a.  
Part time percentage: 50%  
Salary details **should be:** \$50,000  
Salary details shown as: \$25,000 → **incorrect**

*Effect:*

Salary will be understated.  
Retirement allowance will be understated  
Contributions will show as overpaid.

#### **4. Incorrect salaries for Former Higher Salary members**

For Former Higher Salary members, 'salary' on the payroll file should be the salary rate the member is contributing on (i.e. the former higher salary). A common error is populating the actual salary details in the payroll file.

*Example:*

Former higher salary: \$80,000 p.a. @100%  
Actual salary: \$50,000 p.a. @ 90%  
Salary details **should be:** \$80,000 @ 100%  
Salary details shown as: \$50,000 @ 90% → **incorrect**

*Effect:*

Salary will be understated.  
Retirement allowance will be understated  
Contributions will show as overpaid.

#### **5. Incorrect transaction codes**

Valid transaction codes (these are the first 5 characters of each payment line) are:  
'GSF10' – member contributions  
'GSF20' – member debt repayment  
'GSF40' – salary history

*Effect:*

Incorrectly coded lines will result in overstated contributions, overstated debt repayments, or the incorrectly coded line may be posted to a suspense account.

#### **6. Former Higher Salary subsidy payments paid by employee**

Former Higher Salary subsidy payments being paid by the employee should not appear on the payroll file. Details of these payments should be sent on a separate schedule.

*Effect:*

The most common effect is overstated contributions or debt payments.

## Contact Details – for employer related information

### Employer subsidy issues

Davey Ead (04) 470 6368 [daveye@datacom.co.nz](mailto:daveye@datacom.co.nz)

### Receipt of GSF contributions

Amy Donovan (04) 470 6362 [amyd@datacom.co.nz](mailto:amyd@datacom.co.nz)

### Payroll media issues

Jean Mathews (04) 470 6334 [jeanm@datacom.co.nz](mailto:jeanm@datacom.co.nz)

### Refund of overpaid contributions

Alicja Bialoruski (04) 470 6365 [alicjab@datacom.co.nz](mailto:alicjab@datacom.co.nz)

### General information relating to employer issues

Lan Liu (04) 470 6364 [lanl@datacom.co.nz](mailto:lanl@datacom.co.nz)

### Send - payroll files, remittance advice & contribution schedules to

[gsfmedia@datacom.co.nz](mailto:gsfmedia@datacom.co.nz)

## Contact Details – for individual member information

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

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## General Information

### Datacom GSF Schemes Administration

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### Manager

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