

Employer Update

September 2009
Newsletter

This Update is important to Employers – it confirms Datacom's requirements for the collection and forwarding of Government Superannuation Fund (GSF) contributions and associated data. Further information can be found on the following web sites: www.datacomgsf.co.nz and www.gsfa.govt.nz

Definition of the GSF scheme type

GSF is a defined benefit scheme. Entitlement at retirement is determined by reference to the member's age, length of Government service (contributory service) and salary at retirement - not on the contributions paid by the member or the subsidy paid by the employer. Every day of contributory service must be paid for.

Leave Without Pay

There are many GSF members who do not realise that they need to contact Datacom prior to taking periods of leave without pay (LWOP).

GSF members are required to pay GSF contributions and subsidy for LWOP periods unless they are under the age of 50. Contributors under the age of 50 have the option to pay for the leave period or elect to suspend contributions for the period of leave without pay. Elections to suspend must be made prior to going on leave without pay.

When planning or taking LWOP, employees must contact Datacom to advise the leave period. We will then calculate the amount owed for the period. Payment of both GSF contributions and subsidy for LWOP must be arranged within one month of returning from leave. If payment has not been arranged, interest on any LWOP arrears will be charged from the day the employee returned from leave. Interest is calculated at the Fund earning rate (or the 90 day bill rate where the Fund earning rate is not available).

To minimize LWOP arrears and any interest charges, we ask that you remind employees who contribute to GSF of their obligation to advise Datacom of LWOP. This means that any previously unrecorded periods of LWOP should be advised as soon as possible and contact should be made with us prior to any future periods of LWOP.

Staff working variable part time hours

GSF members whose hours of work are not fixed or frequently change will be required to complete an annual Part Time Certificate. In order to complete the certificate, members and their employers will need to agree the hours for the year ahead and provide copies of employment contracts and any other correspondence confirming hours of work. Please refer any GSF members who you think may fit the variable part time criteria to booklet GS6 (on www.gsfa.govt.nz) or to Datacom for a copy of the Part Time Certificate.

Note: Employees working casual hours are not entitled to contribute to GSF.

Former higher salary reviews

For those employees who have made a GSF former higher salary (FHS) election - where the FHS amount is linked to the rate of salary for a previous position, in future the FHS rate will be reviewed annually on the anniversary of the FHS election. If the salary rate for the previous position changes more frequently than once per year, the most recent change will be used at the annual review. Changes to employer subsidy rates and the current actual salary (which may change throughout the year) will be processed as normal.

Please make sure that the correct FHS salary rate (not the actual salary rate) is being included in your payroll file to GSF.

Allowances and bonus payments

Salary, for GSF purposes, means "salary or wages paid regularly in return for services". It does not include non taxable payments, bonus payments, overtime payments, reimbursement of expenses, lump sums paid in lieu of notice or leave, retiring or redundancy gratuities, or contributions paid for, or in respect of the employer subsidy.

Unlike KiwiSaver, most allowances are not superable for GSF purposes. Employers should contact Datacom for confirmation prior to including any allowances in superable pay.

Future Entitlement Statements

In September 2009, GSF contributors will receive a copy of their annual GSF Future Entitlement Statement. The statement sets out details of the contributor's GSF membership and an estimate of their retiring allowance at future dates of entitlement.

Production of these statements may generate additional GSF related queries to your pay office. Submitting correct superable salary, effective dates and GSF contribution information to us throughout the year is important to ensure that the information on the Future Entitlement Statement is correct.

Information required to enable payment of GSF retiring allowances

GSF members are able to receive a retiring allowance from the day following their last day in Government service. To ensure members are paid on time, wherever possible, please assist by providing any requested information prior to your employee's last day of service.

The payroll file sent to GSF each pay period contains each employee's current superable salary, the salary effective date and part time rate (if applicable). Having the correct salary information each pay period means that reconciliation of payments can be achieved promptly and helps with the retirement process.

Timing of payments to GSF

Under the provision of the GSF Act, employers are required to pay all contributions and subsidies to the Fund within a reasonable time frame. We expect to receive payments within two days of the pay period end date. This helps to ensure that all information is updated as soon as possible and any GSF entitlements are paid to members accurately and on time.

Reminder to provide GSF employer subsidy schedules

If you are not doing so already, can you please contact your payroll provider to request and start submitting subsidy schedules (detailing subsidy calculated by employee) to us each pay period. Subsidy schedules are used in the overall reconciliation of the member file. You can email your subsidy schedule to gsfmedia@datacom.co.nz. An example format for the subsidy schedule was provided in our last newsletter issued in February 2009. A copy of this newsletter can be found on our website www.datacomgsf.co.nz.

Employer newsletter & manual

Previous copies of our newsletter can be found on Datacom's website www.datacomgsf.co.nz. A comprehensive employer manual is also available. The manual contains a wealth of information for all payroll personnel on the payment of contributions and subsidy, as well as copies of all relevant forms. If you are not sure if you have the latest version of the employer manual please visit the website.

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