

Employer Update

March 2010
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

Last day of paid service (LDOPS) and last day of duty (LDOD)

In recent months, we have had a number of questions in relation to the definition of LDOPS. We would like to take this opportunity to provide you with answers to the two most common questions.

- What is the difference between LDOD and LDOPS?

An employee's LDOD is the day that an employee stops working on site for an employer. For example, it is when an employee packs their desk, has their farewell morning tea and leaves the building for the last time.

The LDOPS is the day the employment relationship (contract) between the employee and the employer ceases. This may include a period of leave if that leave is taken after the employee ceases working on site for the employer.

- Is the LDOD or the LDOPS used when a GSF member ceases Government service?

The LDOPS is the date the GSF member ceases Government service.

If you require further clarification, please contact any of our scheme administrators toll free on 0800 654 731.

Employer Subsidy Rates – Annual Review

All employers are required to pay employer subsidy to GSF based on the contributions paid by GSF members.

The employer subsidy rates for GSF are reviewed annually by the Government Actuary. The GSF Authority has advised Datacom that it expects the subsidy rates to increase significantly this year. We will write to all employers advising of the new subsidy rates as soon as they are confirmed.

Total Remuneration Salary Packages

We understand some GSF members are on total remuneration packages. Superable salary for GSF purposes excludes the employer subsidy. Any increases in employer subsidy rates may therefore impact on a GSF member's superable salary for GSF purposes and their net take home pay, depending on the terms of their individual employment agreements.

An example of a total remuneration calculation, showing the GSF superable salary, is as follows:

Details	Calculation
Total remuneration: \$55,000 p.a. (including car allowance of \$5,000 and employer subsidy)	Total remuneration: \$55,000.00
Employer subsidy rate: 9.6%	Car allowance (non-superable) 5,000.00
Employee contribution rate: 6.5%	Employer subsidy (50,000 / 109.6% * 9.6%): 4,379.56
	GSF superable salary 45,620.44

The employee's gross superable salary for GSF purposes is \$45,620.44 per annum. The employer subsidy at 9.6% is paid on this amount ($45,620.44 * 9.6\% = \$4,379.56$ per annum). Employee contributions at 6.5% are also paid on this amount ($45,620.44 * 6.5\% = \$2,965.33$ per annum).

Former Higher Salary (FHS) Elections

A GSF member, whose superable salary rate for GSF purposes reduces, may elect to continue contributing to GSF at their previous higher superable salary rate (**FHS**). If the election is approved, the GSF member will be required to pay additional contributions and, unless the employer agrees to pay the subsidy on the FHS, the member will be required to pay employer subsidy on the difference between the member's FHS rate and the member's actual superable salary rate. Once a FHS election has been made it cannot be revoked.

Employer subsidy rates are reviewed annually. Any change in the employer's subsidy rate will directly impact on GSF members who have made FHS elections and who are paying the additional employer subsidy. Any increase in the employer subsidy rates will reduce the GSF member's net take home pay.

GSF Members Retiring

If you have any employees who are GSF members and planning to retire, please encourage them to contact GSF at least 3 months before their proposed date of retirement. This will enable us to gather all of the information required to calculate their GSF entitlement and make payment at retirement.

One off Payments to GSF

Datacom often requests one off payments from employers for underpaid subsidy relating to specific employees. When making these one off payments, please insert the member's GSF number as a reference with the payment so we can easily identify and match the payment to the member.

Former Higher Salary (FHS) Register

In September 2009, we emailed all employer payrolls with a list of their employees who, according to our records, have made FHS elections. The purpose of this exercise was to confirm the FHS members on our database. We would like to thank all the payrolls that took the time to respond to these emails.

This exercise was the first phase of a much larger project. We are about to begin our second phase which is to review all FHS member files in more detail. The purpose of this review is to ensure all historical FHS member contributions and employer subsidy payments are correct and that there are no delays for the member at retirement.

If you have FHS members, we will contact you in the next few months. In this round of communication, we will be asking for more detailed information on each FHS member. We will predominantly be asking for salary details, member contribution and employer subsidy histories.

We understand that preparing this information will take time. We would like to assure you that the information you provide to us now will mean that we should not have to request this information from you again when the employee ceases Government service. If you have any questions in regard to FHS members, or FHS contributions, please feel free to contact any of our scheme administrators.

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 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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