

## Employer Update

September 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](http://www.datacomgsf.co.nz) and [www.gsfa.govt.nz](http://www.gsfa.govt.nz)

### What has changed

#### Employer subsidy rates

Effective 1 July 2010, the employer subsidy rate for the majority of employers changed.

#### Effect on employers:

The new employer subsidy rates are payable to GSF from 1 July 2010. This requires specific action by you to ensure all contribution and subsidy payments made after 1 July 2010 are correct.

#### Effect on employees:

The change in employer subsidy rates affect;

- any GSF member on a total remuneration salary package. In most cases the change in the employer subsidy rate affects the superable salary upon which contributions are calculated and paid to GSF.
- employees who meet the cost of any portion of the employer subsidy on a Former Higher Salary (FHS). An adjustment for the additional employer subsidy amount is required.
- members taking leave without pay after 1 July 2010 will pay the employer subsidy component for the leave period based on the new employer subsidy rate.

There is no change to the GSF member contribution rate or to how a member’s retiring allowance is calculated. If you have any queries regarding the change in your employer subsidy rate please contact our Schemes Administration team (*details on last page*).

#### Employer Superannuation Contribution Tax (ESCT) effective 1 October 2010

ESCT can be calculated at either a flat employer rate of 33% or at a progressive rate based on an employee’s salary. Effective 1 October 2010, the progressive ESCT rates are changing. The new rates will be as follows:

Income Range p.a.	From 1 April 2010	From 1 October 2010
\$0 - \$16,800	12.5%	10.5%
\$16,801 - \$57,600	21%	17.5%
\$57,601 - \$84,000	33%	30%
\$84,001 and over	33%	33%

The new rates will only affect employers who are paying ESCT at the progressive rate rather than on the flat employer rate of 33%. The new progressive rates reduce the ESCT amount paid to IRD and increase the net subsidy amount paid to GSF. The total gross subsidy rate for GSF remains the same.

Example <i>Using a /365 * 14 salary divisor</i>	Prior to 1 October 2010	After 1 October 2010
Employee Salary	\$55,000	\$55,000
Employee Fortnightly Contributions (New General Scheme)	\$137.12	\$137.12
Employer Subsidy Rate	10%	10%
Total Gross Subsidy	\$210.96	\$210.96
Individual ESCT Rate	<b>21%</b>	<b>17.5%</b>
ESCT to IRD	<b>\$44.30</b>	<b>\$36.92</b>
Net Subsidy to GSF	<b>\$166.66</b>	<b>\$174.04</b>

*Note:* The change in the progressive ESCT rates does not affect how an employee’s retiring allowance is calculated and does not affect a member’s superable salary for GSF purposes. Not all organisations are required to deduct ESCT prior to making payment to GSF.

## Updated Employer Manual

The GSF Employer Manual was updated in August 2010. The latest version of the manual can be found on Datacom's website [www.datacomgsf.co.nz](http://www.datacomgsf.co.nz).

## Future Entitlement Statements

At the end of September 2010 we will be mailing a GSF Future Entitlement Statement to all current GSF contributors. The statement provides contributors with an estimate of their annuity at future dates of entitlement. The estimated annuity is based on the payroll information provided to Datacom by employers. Provision of correct superable salaries, effective dates and GSF contribution information to Datacom throughout the year is important to ensure the information on the member Future Entitlement Statement is correct.

## We have moved

The Datacom GSF Schemes Administration team relocated to new premises in May 2010. We are now in Sovereign House, 34 Manners Street, Te Aro, Wellington 6011. Visitors must report to level 4 of Sovereign House.

Our postal address and contact numbers are unchanged.

## Feedback

If you would like to provide feedback to us on any aspect of GSF or our service, you can use the new feedback link on the [www.datacomgsf.co.nz](http://www.datacomgsf.co.nz) website.

# General Information

## GSF and KiwiSaver

Employers need to understand that the superable salary for GSF purposes, on which member contributions and employer subsidy are paid, is not the same as superable salary for KiwiSaver purposes.

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

Superable salary for KiwiSaver purposes means total taxable earnings. In many cases this will be higher than the superable salary for GSF purposes.

If you have any issues with the calculation of GSF contributions or the definition of superable salary for GSF purposes please contact our Schemes Administration team to discuss (*details on last page*).

## Allowances for GSF purposes

In most cases, allowances are not considered superable salary for GSF purposes. Please contact our Schemes Administration team to confirm whether allowances paid to employees are superable or not for GSF purposes (*details on last page*).

## Holiday pay

When holiday pay based upon average earnings is paid to an employee, the holiday rate will include any overtime or taxable allowances paid to the employee. GSF contributions should still be calculated on base superable salary. Deducting GSF member contributions and employer subsidy on the holiday pay amount will generally result in overpayment of contributions and subsidy.

## Strike days

Unpaid strike time is treated as leave without pay (LWOP) for GSF purposes. For any periods of LWOP taken, GSF contributors are required to contact GSF to arrange payment of both member contributions and net employer subsidy.

We ask that you pass this information onto any GSF contributors within your organisation who take part in strike action.

## Payments to GSF

Payments to GSF must be made via direct credit. If you currently send cheque payments to us, please arrange for payment to be made by direct credit. Cheque payments will no longer be accepted from 1 January 2011. Our account details are:

Bank: The National Bank of New Zealand  
Account Name: Government Superannuation Fund  
Account Number: 06 – 0501 – 0652170 – 001

When making a payment please ensure your GSF employer number and payroll code is quoted in the reference fields.

## GSF information booklets

Booklets can be obtained from the Government Superannuation Fund Authority (GSFA) website: [www.gsfa.govt.nz](http://www.gsfa.govt.nz) under the section 'Schemes Publications and Booklets'. These booklets contain information on GSF and the associated forms for each action or request.

On joining a new employer, all GSF members must now complete Form GS1 and return it to us. This form provides information regarding the members continued eligibility to contribute to GSF.

A change of personal details form (name, phone number, address, bank account) is also available on the GSFA website in the 'Contact Us' section. This form must be completed and returned to us whenever members change their personal details.

## Employer Newsletters

Previous copies of our newsletter can be found on Datacom's website [www.datacomgsf.co.nz](http://www.datacomgsf.co.nz).

## Contact Details

### Datacom GSF Schemes Administration

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Send - payroll files, remittance advice & schedules to: [gsfmedia@datacom.co.nz](mailto:gsfmedia@datacom.co.nz)

### Disclaimer

This newsletter is a summary of some of the provisions of the GSF Act, regulations made pursuant to the GSF Act and policy decisions including those set out in the statement of policies. While every effort is made to ensure the information contained in this newsletter is accurate, it is intended as a guide only and is in no way binding on any person, and does not prevail over any applicable law or policy decision. To the fullest extent permitted by law, neither the Authority, Datacom, nor any person accepts any liability for any loss, damage, cost or expense that may arise from any reliance on any information contained in this newsletter. This newsletter does not create any legal or equitable rights exercisable by any person.