

Government Superannuation Fund

Schemes Administration Newsletter

March 2013

Annual Review of Employer Subsidy Rates

The subsidy rate for your organisation is reviewed by the Fund's Actuary on an annual basis. Your organisation should have received a letter from Datacom in January 2013 confirming the subsidy rate to apply to all GSF subsidy calculations from 1 July 2013. Please contact us if you did not receive a subsidy rate letter from us, if you wish to confirm your subsidy rate or if you require any further information about GSF subsidy rates.

GSF Employer Portal

As advised in our previous Employer Update newsletter, the GSF Authority has commissioned an upgrade of the GSF business system used in the administration of the GSF schemes.

Implementation of the Employer Portal will allow employers to submit payroll files electronically as well as providing online viewing and updating of salary or part time rate information for employees who are GSF members.

We are pleased to advise that the Employer Portal is developing progressively. Features and functionality are being built in accordance to specification, then will be tested vigorously to ensure high standards will be maintained and best quality service will be continuously provided.

The Employer Portal will rely upon accurate GSF data being generated from your payroll system. We encourage you to take note of our Reconciliation, Total Remuneration and Payroll File items included in this newsletter for related information.

Prior to implementation of the Employer Portal, we will provide training material on arranging an iGovt logon and a guide on the correct use of the Employer Portal. Once confirmed, we will be in contact with you to advise you of the go-live date.

Employer Update

This update is important to employers – it confirms Datacom's requirements for the collection and forwarding of contributions and associated data to the Government Superannuation Fund (GSF). Further information is available on the following websites: www.datacomgsf.co.nz and www.gsfa.govt.nz

Employer Reconciliation Project

As many of you are aware, Datacom has been progressively working with employers to ensure that correct GSF contribution and subsidy amounts, both historical and current, are being calculated each pay run cycle at the payroll level and submitted to GSF. We would like to thank you for your cooperation and assistance. With your help, we have been able to achieve our service targets and reconcile almost all employer accounts soon after each pay run cycle. Having fully reconciled employer accounts prior to the release of the Employer Portal will assist you with transition to the portal and ensure a clean starting point. Please continue to supply GSF Employer Subsidy Schedules advising subsidy amounts paid for each GSF member in each period.

Total Remuneration and GSF Superable Salary

Superable salary for GSF purposes means "salary or wages paid regularly in return for services". **Broadly speaking, superable salary means basic (ordinary) salary.** Where a member's total remuneration includes allowances, these may only be superable with the agreement (in advance) of the GSF Authority. Superable salary for GSF purposes is therefore generally different (lower) than superable salary for other schemes, such as KiwiSaver. It should also be noted, that if a member's total remuneration package includes the employer subsidy to GSF, the employer subsidy component is not included in superable salary for GSF purposes. Neither member contributions, nor employer subsidy, should be based on earnings including any component of employer subsidy. For more information, about total remuneration packages please refer to page 11 of the GSF Employer Manual.

GSF Payroll File

In addition to the above information, it is important to record accurate GSF member contributions paid. The GSF payroll file contains the following additional information for each GSF member:

- Full time equivalent superable salary (p.a.)
- Effective date of the superable salary
- Part time rate (if applicable) i.e. percentage of the full time equivalent rate

Datacom relies on information provided in the payroll file to calculate GSF retiring allowances and also any under or overpaid contributions received (and corresponding employer subsidy). Correctly populated payroll files must be sent to Datacom as soon as possible after the payroll run has been processed.

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GSF Employer Manual

Employers are encouraged to read the GSF Employer Manual. It is a very useful source of information relating to GSF. The employer manual summarises the key provisions of the Government Superannuation Fund Act 1956 (the Act), regulations made pursuant to the Act, and policy decisions including those set out in the statement of policies. It also sets out GSF procedures and contains copies of forms. See www.datacomgsf.co.nz.

Queries Relating to GSF

As part of our service commitment to GSF employers, if you have any queries in relation to GSF, please contact our finance team. We can be reached by email at gsf@datacom.co.nz or by phone on 470 6348 or 0800 654 731 if calling outside of the Wellington area.

What is Employer Superannuation Contribution Tax (ESCT)?

Formerly known as Specified Superannuation Contribution Withholding Tax (SSCWT), ESCT is payable by employers for any cash contribution made to a superannuation fund for the benefit of an employee.

Note Some employers are required to pay employer subsidy gross of ESCT to GSF (i.e. Government departments, the Islands employers). If you are unsure whether you are liable to pay ESCT direct to the Inland Revenue Department (IRD) (and only pass net subsidy amounts through to GSF), please refer to pages 19-20 of the GSF Employer Manual. A more detailed discussion and calculation of ESCT deductions is made available at the IRD website.

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.

GSF Information Booklets

Booklets can be obtained from the Government Superannuation Fund Authority (GSFA) website: 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.

Do You Know Your Role as a GSF Employer?

To avoid future reconciliation issues, it is essential that employers;

- understand what is required for GSF, refer to our GSF Employer Manual at www.datacomgsf.co.nz
- ensure the information provided on the payroll file is correct and up to date
- make payment of GSF employee contributions and employer subsidy amounts due to the Fund into the correct GSF bank account
- submit payroll files as soon as possible after the pay run
- apply the correct subsidy rate (reviewed annually), and
- ensure payments (of member contributions and employer subsidy) match the total amount submitted in the payroll file

Reconciliation issues are likely to affect the GSF member's record and in future will affect your organisation's balance on the Employer Portal – which you will be required to maintain. We understand that your payroll office is often busy, but we believe it is very important and far more productive for us both to work together proactively to resolve data discrepancies, incorrect payments and calculations, as they are identified.

There are two components to our internal reconciliation process. A member's record is considered reconciled when expected contributions equal the advised contributions and payments, and are calculated on the correct salary. The employer file is considered reconciled when expected subsidy equals the advised subsidy and payments, calculated on the correct salary.

When a member exits the GSF scheme or retires, a reconciled member record and employer file is essential for processing the member's correct entitlements. This has the benefit of avoiding refunds of overpaid and/or further collection of underpaid member contributions and employer subsidy.

Employer Newsletters

Copies of our previous newsletters can be found on Datacom's website: www.datacomgsf.co.nz

Contact details

As part of our service commitment to GSF employers, we ask that any queries you have in relation to GSF are referred to our finance team. If possible, please quote your GSF employer number when contacting us.

Datacom GSF Schemes Administration

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