

# GSF Employer Update

November 2013

## Annual leave paid at a higher rate

When an employee takes annual leave, employers are required to pay that employee annual leave entitlements based on the greater of their ordinary rate of pay or their average earnings in the preceding year. Average earnings will include almost all taxable payments made to the employee. Where the average earnings rate is used to calculate leave payments, the pay rate will be higher than the superable salary on which GSF member contributions should be based.

Unless your payroll system is able to continue calculating GSF deduction amounts on the employee's superable salary during periods of annual leave, GSF contributions will be deducted incorrectly if the average earnings rate is used, resulting in an overpayment of both member contributions and employer subsidy to GSF.

GSF is a defined benefit scheme. Overpaid contributions and subsidy do not benefit the member. Superable salary is used to calculate GSF member entitlements at retirement. Members are required to pay contributions at the set contribution rate on the correct superable salary. Additional amounts, such as annual leave paid at a higher rate, do not enhance the member's GSF entitlements.

## Moving to the Employer Portal

Under the current process, most employers do not reconcile GSF amounts calculated in their payroll system to the amount paid to GSF or against the amounts required by GSF. Overpaid contributions or subsidy amounts are usually identified when Datacom performs a reconciliation and are refunded to the member or employer.

As previously advised, we are in the process of developing an online GSF Employer Portal. The portal will provide employers with an online statement of contribution and subsidy amounts expected by GSF per pay period.

It is the employer's responsibility to calculate and deduct correct GSF amounts from member's superable salaries. Once launched, the Employer Portal will provide the facility for employers to reconcile contributions and subsidy calculated by payroll and the amount actually paid to GSF against the amount expected on the online portal statement. This will allow all employers to manage this responsibility and resolve any under or overpayments made to GSF with employees directly.

We are working with employers prior to the release of the Employer Portal, targeting discrepancies generated by annual leave, in addition to any other issues which result in the incorrect calculation of GSF deductions. We will be in contact with you to discuss any items we identify.

If you have any questions about the calculation of GSF deductions or the content of this update, please contact us via return email.