

Government Superannuation Fund

October
2013

Member Update

This update is important to members of the Government Superannuation Fund (GSF).

It confirms procedures and requirements which relate to future GSF entitlements. Further information can be found on the following websites:

www.datacomgsf.co.nz and
www.gsfa.govt.nz

GSF information booklets and forms

Booklets can be obtained from the GSF Authority's website (www.gsfa.govt.nz) under the section 'Schemes Publications and Booklets'. These booklets contain information and forms for GSF members and employers.

What type of scheme is GSF?

GSF is a defined benefit scheme. Every day of contributory service must be paid for. Your entitlement is determined by your age at retirement, your length of service while contributing to GSF and the lesser of your final year's superable salary or the average of your last five years' superable salaries while contributing to the GSF. Your entitlement is not based on the contribution amount paid by you or the subsidy amount paid by your employer.

Amendments to the terms and conditions of employment

As per section 61A of the Government Superannuation Fund Act 1956 (the Act), elections to contribute to GSF may only be made by members who are in permanent employment in Government service. Changes to employment conditions may therefore mean that you are no longer eligible to continue to contribute to GSF.

If you are considering any alteration to your employment, you should contact Datacom before the change is implemented to confirm if and how those changes may affect your GSF membership status and entitlements.

This would include changes, such as:

- moving to or from temporary (fixed-term) or casual contracts
- moving between full-time and part-time service, or changes in your hours of work
- any period of secondment, whether with the same employer or a different employer
- a change of employer.

All members who wish to recommence or continue contributions on joining a new employer must complete a 'Rejoining Form' (GS1).

Ceasing contributions whilst remaining in Government service

Under the provisions of the Act, contributors are able to stop contributing to GSF and start contributing to another employer-based scheme, such as KiwiSaver. Contributors who make this election leave their contributions in the GSF and, provided they have sufficient service, are then eligible to receive a deferred pension.

Further information is available in the booklet 'Option to Cease Contributing to GSF and Elect a Deferred Pension' (GS96).

Members under age 50 may also elect to cease contributions to GSF whilst remaining in Government service with the intention of resuming contributions before reaching age 50. Their contributory service is discounted to allow for the period during which contributions were suspended, and their retiring allowance on retirement is correspondingly less than it would have been had contributions not been suspended.

If such members do not resume contributions before reaching age 50, their only entitlement from GSF is a refund of their own contributions paid. (Note: This option is not available to Armed Forces, Police or MP scheme members.) Further information is available in the booklet 'Options available while remaining in Government Service' (GS19).

Superable salary

Unlike KiwiSaver, most allowances are not superable for GSF purposes. Salary for GSF is defined as "salary or wages paid regularly in return for services". It does not include any non-taxable payments or payments such as bonus or overtime payments, lump sums paid in lieu of notice or leave, retiring or redundancy gratuities or payments for special work performed.

Superable salary generally means basic (ordinary) salary. Whether an allowance is superable for GSF purposes is determined by the GSF Authority; it is not a decision that can be made by your employer. Employers should contact Datacom for confirmation prior to including any allowances in superable pay.

Last day of paid service (LDOPS)

Your GSF retiring allowance is normally payable from the day after your LDOPS (see below). The LDOPS may not be your last day of duty. LDOPS is the date your employment contract with your employer ceases and may include a period of paid leave taken after your last day of duty, such as unused annual leave or retirement leave. Before advising GSF of your retirement, you should discuss and agree your LDOPS with your employer's payroll office.

Payment of GSF retiring allowances

To enable your retiring allowance to be paid from the date you cease Government service, the following conditions must be met:

1. Datacom must be advised of your cessation of service no later than 3 months after your last day of paid service (LDOPS). You should not rely on your employer to advise Datacom that you have ceased service.
2. You must make the necessary elections and provide the information required to put your entitlements into payment within the advised timeframes.

If the above conditions are not met, payment cannot commence until a later date and your retiring allowance will be recalculated at that date. Payment cannot be backdated.

To ensure your retiring allowance commences at the earliest date, we recommend you contact Datacom as soon as you have confirmed your retirement with your employer.

Please note unless you are eligible to suspend contributions (see overleaf) you are required to continue contributing to GSF while you remain in permanent employment with your current employer. This applies even when you reach age 65.

Spouse entitlements

If a GSF contributor or annuitant is survived by a spouse or de facto partner, he or she may be entitled to a spouse allowance payable for their lifetime. The GSF Act also provides options to increase the entitlements due to a surviving spouse or dependent.

To find out more about what your spouse may be entitled to, as well the requirements and provisions relating to spouse entitlements, please see the booklets 'Retiring Allowance Options' (GS2) and 'Information' (GS6).

Leave without pay (LWOP)

LWOP refers to any period when a contributor is not being paid their normal pay and GSF contributions are interrupted. Reasons for unpaid absences vary, but may include parental leave, sick leave without pay, personal reasons or industrial action (strike days).

It is the member's responsibility to inform GSF of their intention to take unpaid leave before the period of leave commences. You should not assume that your employer will inform Datacom.

Further information is available in the booklet 'Information on LWOP' (GS7).

Interest on amounts owed to GSF

It is GSF policy to charge interest on any amounts owed by members to GSF which are not paid when they fall due.

This includes contribution arrears and any amounts payable when a member takes periods of leave without pay.

It is essential that when you are advised of any amounts owing to GSF (including any interest then due), you arrange for payment to be made within the timeframe stated to avoid additional interest charges applying.

Change of Personal Details

To reduce the risk of fraud, all changes to personal details, such as address and bank account number, must be made in writing and must be signed by the GSF member. A Change in Personal Details form is available on the GSF Authority's website (www.gsfa.govt.nz) or on request from Datacom.

Contact details

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

Datacom GSF Schemes Administration

Phone: (04) 470 6348

Fax: (04) 470 6366

Address: PO Box 3614, Wellington 6140

Free phone: 0800 654 731

Email: gsf@datacom.co.nz

Website: www.datacomgsf.co.nz

Reduction in Salary

GSF members whose superable salary has reduced may be able to continue contributing to GSF as if their salary had not reduced. To maintain the higher salary, the GSF member will need to make a Former Higher Salary (FHS) election within 3 months of the effective date of the reduction. FHS elections can only be made and accepted where the member's salary rate has reduced, not as a result of a reduction in hours of work only.

Further information is available in the booklet 'Election to Contribute at Previous Salary Rate Following Reduction in Superable Salary (GS21)'

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.