# APPENDIX 1

State Superannuation Scheme

Superable Salary and Employer Contribution Oncost Calculation

1. **INTRODUCTION**
   1. The elements that comprise an employee’s remuneration package (TEC: total employment cost) are matters for negotiation between each employee and the University. An employee is required to contribute a specific proportion of his/her remuneration towards superannuation, as required under the terms of his/her superannuation scheme.

1.2 Superannuation is a complex area, particularly the rules that govern the State superannuation schemes. For this reason, it is strongly recommended that employees obtain professional, independent advice based on their individual circumstances.

1.3 The minimum superable salary that can be nominated at entry to a superannuation fund or any subsequent superannuation review day is the monetary remuneration payable, i.e. the cash salary component. This is generally an employee’ssalary for income tax (PAYG) purposes, excluding any performance related incentive payments.

1.4 The maximum superable salary that is possible for an employee to nominate is the TEC (not including performance related incentives), less the employee’s employer statutory superannuation contribution (oncost)liability.

**NOTE:** The employer statutory superannuation contribution does include the Basic Benefit contribution.

1.5 In accordance with sub-clause 9.4 of the “Procedure for Performance Based Remuneration and Performance Management for Executive and Senior Managers”, an employee may salary package up to 100% of his/her total remuneration package. If an employee has before-tax elements in his/her remuneration package, then the superable salary figure may be higher than the cash salary.

1. **EMPLOYER SUPERANNUATION LIABILITY**

2.1 An employee is required to meet the University's liability for the superannuation benefits that are accrued during his/her employment with the University. This liability, known as the employer oncost*,* is paid from before-tax income. It is additional to the personal (employee) contributions that members of SASS and SSS are required to pay to their schemes from after-tax income. Personal contributions to any other approved fund are optional.

2.2 The employer oncost liability varies according to the superannuation scheme or schemes of which the employeeis a member. It is determined as a percentage of an employee’s superable or "nominated" salary, and determined in accordance with actuarial advice. Therefore, the actual dollar amount of an employee’s oncost liability depends on his/hersuperable salary figure.

2.3 The percentage of superable salary required to be contributed by an employee to meet the employer liability oncost to the scheme of which the employee is a memberisdetermined by the scheme’s trustee in accordance with actuarial advice.

2.4 The maximum employer oncost percentage payable by any memberof SSS is 30% of his/hersuperable salary.

1. **SSS MEMBERS**

If an employee is a member of SSS, theoncost percentage is determined by reference to a specific table pertaining to thescheme. When the SSS oncost percentage has been determined, it staysthe same until the normal scheme retirement age of 60 (or 55 in the case of a woman contributing to SSS for retirement at the younger age) is reached.

1. **FORMULA FOR CALCULATING SUPERABLE SALARY AND ONCOST LIABILITY**

The formula to calculate the maximum nominated superannuation salary is:

|  |  |  |
| --- | --- | --- |
| **MAX** | = | (T - S) ÷ (1.000 + C) |
|  | | |
| **MAX** | is | the maximum nominated salary |
|  | | |
| **T** | is | the total remuneration package |
|  | | |
| **S** | is | the employer oncost of any other superannuation arrangement that the employee may have entered into (which in most cases will be nil) |
|  | | |
| **C** | is | the package oncost value from the employer oncost table |

1. **EMPLOYER ONCOST TABLES - SSS**

5.1 The employer oncost percentage to be paid depends on the employee’s age when he/she joined the scheme as well as his/her gender. In other words, the older an employee upon joining the scheme, the higher the oncost. The oncost percentage also depends on whether the employee joined the scheme before or after 1 July 1963.

5.2 The percentages in Table 1 are those that apply on abirthday at the age shown. The formula for calculating the oncost takes into account the number of days (if any) between the birthday and the date of commencement of employment.

1. **SASS MEMBERS**

If an employee is a member of SASS, the oncost percentage is determined on an individual basis by the fund administrator. The University will request an employer liability cost for each SASS member at the review date each year (April).

**Table 1: Employer oncost as % of nominated superable salary for SSS members**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **State Superannuation Scheme** | | | | | | |
| **Pre 01 July 1963 Members** | | | | **Post 30 June 1963 Members** | | |
| **Exact age**  **on entry to scheme** | **Males** | **Females**  **R55** | **Females**  **R60** | **Males** | **Females**  **R55** | **Females**  **R60** |
|  | **%** | **%** | **%** | **%** | **%** | **%** |
| 16 | 8.6 | 8.1 | 6.5 | 7.4 | 7.1 | 5.6 |
| 17 | 8.7 | 8.2 | 6.6 | 7.5 | 7.2 | 5.7 |
| 18 | 8.9 | 8.4 | 6.7 | 7.7 | 7.4 | 5.9 |
| 19 | 9.2 | 8.7 | 6.9 | 8.0 | 7.7 | 6.1 |
| 20 | 9.6 | 9.1 | 7.1 | 8.4 | 8.1 | 6.4 |
| 21 | 10.1 | 9.6 | 7.4 | 8.8 | 8.6 | 6.7 |
| 22 | 10.5 | 10.2 | 7.9 | 9.2 | 9.1 | 7.1 |
| 23 | 11.0 | 10.9 | 8.3 | 9.6 | 9.7 | 7.5 |
| 24 | 11.4 | 11.5 | 8.9 | 10.0 | 10.3 | 8.0 |
| 25 | 11.9 | 12.3 | 9.4 | 10.4 | 11.0 | 8.5 |
| 26 | 12.3 | 13.1 | 10.1 | 10.8 | 11.7 | 9.1 |
| 27 | 12.8 | 14.2 | 10.9 | 11.3 | 12.5 | 9.7 |
| 28 | 13.4 | 15.2 | 11.6 | 11.8 | 13.4 | 10.3 |
| 29 | 14.0 | 16.3 | 12.4 | 14.4 | 14.4 | 11.0 |
| 30 | 14.7 | 17.3 | 13.1 | 13.0 | 15.5 | 11.7 |
| 31 | 15.5 | 18.7 | 14.0 | 13.7 | 16.7 | 12.5 |
| 32 | 16.3 | 20.1 | 15.0 | 14.5 | 18.0 | 13.3 |
| 33 | 17.2 | 21.5 | 16.0 | 15.3 | 19.4 | 14.2 |
| 34 | 18.1 | 23.1 | 17.0 | 16.1 | 20.9 | 15.1 |
| 35 | 19.1 | 24.7 | 18.0 | 17.0 | 22.5 | 16.0 |
| 36 | 20.6 | 26.4 | 19.1 | 17.9 | 24.2 | 17.0 |
| 37 | 22.1 | 27.5 | 20.2 | 18.9 | 26.1 | 18.1 |
| 38 | 23.7 | 27.5 | 21.5 | 20.0 | 27.5 | 19.2 |
| 39 | 25.4 | 27.5 | 22.9 | 21.3 | 27.5 | 20.5 |
| 40 | 25.7 | 27.5 | 24.4 | 22.8 | 27.5 | 21.9 |
| 41 | 27.5 | 27.5 | 26.1 | 24.4 | 27.5 | 23.4 |
| 42 | 27.5 | 27.5 | 27.5 | 26.2 | 27.5 | 25.1 |
| 43 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 26.9 |
| 44 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 |
| 45 + | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 |

**NB** The above figures are exclusive of the Basic Benefit levy.