

# Government Superannuation Fund

## Schemes Administration Newsletter

June 2016

### The New GSF Business System

#### Your interaction with GSF is changing

The GSF Authority is developing a new business system for the administration of the GSF schemes. We expect to go live with the new business system in late 2016/early 2017.

As a result of the introduction of the new business system, there will be changes to the way the scheme administrator, Datacom, interacts with you. The changes will be introduced progressively.

#### What does this mean for employers?

The key obligation of employers is to send accurate payments and member information to GSF in a timely manner after each pay period.

GSF will use the new business system to analyse payments and data received from you and identify discrepancies between expected and actual payments and data.

For each pay period where material differences (i.e. under or over payments above a threshold determined by GSF) are identified, a statement will be sent to you confirming the differences to assist you in resolving the discrepancies.

Employers will be responsible for resolving all issues relating to payments made through their payroll. GSF will no longer approach members directly for discrepancies in payments being made, or previously made, through the employer payroll.

We will be introducing an annual certification process, effective for the year ending 30 June 2017. Under this process, GSF will provide employers with a statement confirming the total contributions and subsidy received by GSF for the period 1 July to 30 June each year. Employers will be required to sign and return the statement to GSF certifying the contribution and subsidy amounts are correct and all required contribution and subsidy payments have been deducted correctly and paid to GSF.

#### What can employers expect from GSF?

Originally GSF intended employers would have access to the new business system via a portal. The portal option is no longer being progressed as it was too expensive and it raised significant data security issues.

Over the coming months, GSF will continue communicating with payroll staff regularly to ensure deduction calculations and payments are as accurate as possible ahead of transition to our new business system and on an ongoing basis.

We encourage employers to proactively work on resolving calculation discrepancies, which may include assistance from payroll system providers. Datacom is available to provide guidance if employers face any challenges in this regard and would like assistance or further explanation.

### 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](http://www.datacomgsf.co.nz)

[www.gsfa.govt.nz](http://www.gsfa.govt.nz)

### GSF Information Booklets

Booklets can be obtained from the GSF Authority's website: [www.gsfa.govt.nz](http://www.gsfa.govt.nz). These booklets contain information on GSF and the forms for member requests.

**DATACOM**

## Annual Review of Subsidy Rates

The employer 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 December 2015 confirming the subsidy rate to apply to GSF subsidy calculations from 1 July 2016 (or the first full pay period after 1 July). 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.

## Annual Leave Paid at a Higher Rate

The most common error leading to incorrect GSF deductions is due to annual leave paid at a higher rate. When an employee takes annual leave, employers are required to pay the 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 calculate GSF deductions on the employee's superable salary when the average earnings rate is used, GSF contributions will be deducted incorrectly. This will cause 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.

## Contact Details

If you have any questions about the GSF scheme, please contact us and we will be happy to assist. If possible, please quote your GSF employer number when contacting us.

### Datacom, GSF Schemes Administration

Phone	0800 654 731 or (04) 470 6348
Fax	(04) 470 6366
Email	gsf@datacom.co.nz
Website	www.datacomgsf.co.nz
Address	PO Box 3614, Wellington 6140

## Last Day of Paid Service

GSF members are entitled to receive their entitlements from the day following their last day of paid service (LDOPS). The LDOPS is the day when the employment agreement between you and the employee ceases and may include periods of paid leave.

For example, a member's last day of duty is 1 July 2016. However, the member has 10 days of long service leave, and you and the member agree that their employment does not cease until the end of the period of leave. This means the LDOPS that should be advised to GSF would be 15 July 2016, being the last of duty plus 10 working days. Correct contributions and subsidy to GSF must be paid to this date.

It is important to calculate and advise the correct LDOPS to GSF, as incorrect information will lead to additional work for both you and GSF. This can also lead to delays in paying the member their GSF entitlements or require the member's GSF entitlements to be recalculated.

If you are not able to accurately calculate a member's LDOPS at the time that GSF requests it, please advise that this is the case and the approximate date that this will be known.

Please ensure you use the LDOPS for the purpose of calculating final member contributions and employer subsidy.

## Leave Without Pay

When a member takes a period of unpaid leave, you as the employer are not required to deduct contributions or subsidy to GSF for the leave without pay (LWOP) period. The member is required to pay both their standard contributions as well as the employer subsidy to GSF directly.

It is important that you encourage GSF members to contact Datacom before they take a period of LWOP. This will ensure that we can update our records and charge the member in a timely manner, as well as avoid discrepancies in your GSF payroll file

Once the new GSF business system is launched, all periods of LWOP will need to be up to date in our system in order for your statement to balance and correctly reflect the adjusted contributions.

### 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.