Effect of Part-time work on Superannuation Benefits

Changing your employment status to a part-time employee will impact on the growth of your future superannuation benefits with ElectricSuper. A member who has worked full-time and then reduces his or her hours will retain any accrued (past) benefits based on the full-time salary and hours worked. However, there is an impact on the future benefits that accrue from the date the member goes part-time.

In general, the member’s benefits as a part-time employee will build at a slower rate (because contributions and/or contribution points based will be based on the part-time salary received by the member). However, with the exception of Division 5, the full-time equivalent (FTE) salary will continue to be used in the calculation of retirement benefits.

Further information for each Division of membership is shown below.

Divisions 2 and 3

In Divisions 2 and 3, a member who is a part-time employee will pay contributions based on his part-time salary, and earn contribution points at the part-time rate. However, the salary used to calculate the retirement benefit is still the member’s FTE salary.

An example (applicable to Divisions 2 and 3):

A Division 2 member has worked 20 years full-time and has contributed 6% for the whole period of membership. His defined benefit is based on the number of contribution points that he has accrued over the past 20 years, which at 6% full-time is one point per month, or 240 points in total.

He then becomes a part-time employee and works part-time (0.5 FTE) for two years before retirement. This means that:

- He contributes 6% of his part-time salary
- He accrues contribution points at 0.5 FTE (ie. one-half point every month)
- In the two years he accrues another 12 points, giving him a total of 252 points at retirement.
- BUT his FTE salary is still used in the calculation of his retirement benefit.

Division 4

In Division 4, the benefit payable to a member on retirement is calculated according to the contributions made in respect of that member (as well as other factors including the member’s age, the level of continuous service, interest etc). If the member is working on a part-time basis, the member will continue to pay contributions based on his part-time salary.

However, one of the components of the retirement benefit is that it is subject to a salary-based maximum. Even though a member is working part-time immediately prior to retirement, this maximum is calculated using the member’s FTE salary.
Division 5 and other accumulation benefits

Division 5 members receive a benefit of contributions (both employer and member) with interest. If the member works part-time, then that member’s future contributions would be based on his or her part-time salary. Any salary-linked insurance benefits will also be based on the part-time salary.

Changes in classification

The comments above do not apply to members who have a salary reduction as a result of a change to their grade classification. In these cases, the ElectricSuper Rules have special conditions designed to ensure that, again, members are not disadvantaged.

Further Information

The information contained in this fact sheet is general information only and may not be applicable to your particular circumstances. Before making any decisions, please contact ElectricSuper on 1300 307 844 for more information relating to your personal situation.

‘Salary’ Definitions from ElectricSuper Rules

Division 2 - one of the factors which defines the benefit is the “Contributor’s Actual or Attributed Salary”. This is defined in Rule 1(2) of Division 2 of the Rules as:

“(1)Subject to sub-rule (3) below, a Contributor’s Actual or Attributed Salary, as at a particular date, is -
(a) where the Contributor is, at that date, employed on a full-time basis - the Contributor’s actual Salary;
(b) in any other case - the Salary that the Contributor would have been receiving, at that date, if the Contributor had then been employed on a full-time basis.”

Division 3 - one of the factors which defines a member’s benefit on retirement is the member’s “Final Scheme Salary”. Rule 3(1) of Division 3 of the Rules provides that:

“... where at a particular date the Contributor was employed on a part-time basis the Final Scheme Salary of the Contributor is the Final Scheme Salary that the Contributor would have been receiving, at that date, if the Contributor had then been employed on a full-time basis”.

Division 4 - one of the factors which could potentially determine a member’s benefit on retirement is the member’s “Final Salary”. The definition of “Final Salary” in Rule 1(1) of Division 4 of the Rules provides that:

“... where on that day the Member was employed on a part-time basis, the Final Salary of the Member is the Actual Salary that the Member would have been receiving if, at that time, the Member had been employed on a full-time basis.”

Division 5 - the Rules define “Salary” so that it is the same amount of a member’s remuneration on which the employer must base its Superannuation Guarantee obligations.