

Government Superannuation Fund GS21

1. Election to Contribute at Previous Salary Rate following a Reduction in Salary

A contributor to the Fund who has a reduction in salary for any reason except misconduct, may make an election to contribute at the previous higher salary rate.

An election may be made as soon as the contributor has been advised that the salary is to be reduced, but should be made within 3 months of the reduction. Elections made after the 3 month period are considered by the Superintendent of the fund. See section 3 for details.

The employer is not obliged to pay the subsidy on the former higher salary and may indicate that the election is not supported. If this is the case the contributor will be required to pay the subsidy on the difference between the higher and actual salaries.

2. Why Make an Election

One of the three factors used in the calculation of a retiring allowance is the contributor's average earnings over the final 5 years of employment in Government service. A reduction in salary will lower the level of retirement and other benefits payable, unless an election is made to continue contributions at the previous salary rate. Even though a contributor may not be near retirement age at the date of the salary reduction, an election to contribute at the previous salary rate may result in greater benefits in the event of death, or in the event that the contributor became medically unfit to continue employment.

To assist in deciding whether or not to contribute on a former higher salary, a contributor may wish to request from AXA New Zealand, estimates of the retiring allowance payable with or without an election to contribute on the higher salary rate.

3. Late Elections

To make a late election, a contributor needs to state in writing the reasons for the delay, and forward these to the employer with the election.

Late elections are considered by the Superintendent of the Fund on a case by case basis having regard of the individual's circumstances, other GSF members and the Fund itself.

4. Reduction of Salary Following Break in Service

A contributor ceasing a job with one employer to begin a lower paid job with another employer can make an election to contribute at the higher salary. In such cases the contributor must recommence paid employment within 12 months and make this election within 3 months of accepting re-employment. This election is considered by the Superintendent of the Fund and the employer advised of the decision. The contributor must be eligible to contribute to the same scheme in the new position.

5. Payment of Contribution and Subsidy

The ongoing contribution rate will be based on either:

- The salary for the previous position. This will be used in cases where there is a clearly identifiable salary and position;
- The former higher salary being indexed to the Consumer Price Index. Should the former higher salary, including indexation, become less than the current actual salary then the election becomes ineffective and contributions are payable on the contributor's actual salary.

In the case of those employed in the education sector, and whenever any employer does not support the election, the employee is obliged to pay the full cost (both employee contribution and employer subsidy).

This applies to that portion of the salary which is in excess of the actual salary being paid for the current position. The employer will continue to pay the employer subsidy on the actual salary.

This additional amount paid by the contributor as employer subsidy will not be included in any refund of contributions.

6. Calculation of Cost

The rate of employer subsidy that may be payable by the contributor may vary on an annual basis and by GSF Scheme type. Therefore the rates have not been included in this booklet.

To receive an indication of the total cost to contribute if the employer will not contribute the subsidy at the higher salary, please contact AXA New Zealand.

7. Scheme Differences

Armed Forces Scheme

- Reduction in salary can be for any reason.
- The contributor has the option of either:
 - Contributing at the higher level, *or*
 - Later revoking the election and receiving a refund of contributions with interest. The refund is the difference in contributions paid between the higher and lower salary. Interest is paid at the rate of 0.25% for each month that the salary difference is held in the Fund.

8. How to make an Election

- Complete Part A of the form GS 21/1 “Election to Contribute at Previous Salary Rate”,
- Forward it to your employer within three months of the date of the salary reduction.

If you are employed as a teacher, please forward your election to your Board of Trustees for completion of Part B, Section 1 and forwarding to the Ministry of Education, Head Office, Wellington. The Ministry will complete Section 2 and then send it to AXA New Zealand for processing. Please note that whilst the Board of Trustees is the employer, the Ministry as it pays teachers’ salaries and therefore needs a record of all elections.

If you have any queries about the details in this booklet or any other queries, please contact AXA New Zealand on (04) 470 6348 or toll free on 0800 654 731.

GOVERNMENT SUPERANNUATION FUND

Election to Contribute at Previous Salary Rate

GS 21

Part A

To be completed by the contributor and forwarded to your payroll office, who should forward it to AXA Corporate Superannuation Services for processing. If you are in the Education Sector please complete the next form as this one does not apply to you.

My salary has been reduced and I elect to continue contributing at my previous salary rate. I understand that the contribution payable will be on the basis of either the:

- rate that has prevailed for the previous position; this will be used in cases where there is a clearly identifiable rate and position, *or*
- former higher salary being indexed to the Consumer Price Index. Should the former higher salary after indexation, become less than the current actual salary then the election becomes ineffective and contributions are payable on the contributor's actual salary.

I further understand that should my employer not pay the subsidy on the higher salary rate and will only pay the subsidy on the actual salary I receive.

I will pay both my own contribution and the difference in the employers contribution – ie the difference between what my employer is paying on my actual salary and what the employer's contribution would be to cover the cost of my estimated benefits and that this will be actuarially determined and certified by the Government Actuary.

Signature _____ Date ____ / ____ / ____

Surname _____ Title _____

First Names _____ Date of Birth ____ / ____ / ____

Address _____

Telephone No. (____) _____

Work (____) _____

Email Address _____

Part B

To be completed by the employer and forwarded to AXA New Zealand, PO Box 3614, Wellington.

Contributor's GSF Number _____ Contribution Rate _____ %

Former Annual Higher Salary Rate \$ _____

Reduced Annual Salary Rate \$ _____ Effective date of reduction ____ / ____ / ____

Employer Recommendation (please tick either (a) or (b))

- (a) The employer will pay the subsidy on the higher salary rate
- (b) The employer will only pay the subsidy on the actual salary rate received by the employee.

I certify that all the details shown are correct and that the reduction in salary was not due to misconduct.

Signature _____

Printed Name _____

Designation _____ Date ____ / ____ / ____

Name of Employer _____

Employer's GSF Number _____

Employer's Telephone Number (____) _____

Employer's Facsimilie Number (____) _____

Email Address _____

Employer's Address _____

<p>Date form received by Employer</p> <p>____ / ____ / ____</p>

GOVERNMENT SUPERANNUATION FUND

EDUCATION SECTOR

Election to Contribute at Previous Salary Rate

GS 21

Part A

To be completed by the contributor and forwarded to your Board of Trustees. The Board fills out Section 1 of Part B of the form and forwards it to the Ministry of Education, Head Office, Wellington. The Ministry completes Section 2 and then sends it to AXA New Zealand for processing.

My salary has been reduced and I elect to continue contributing at my previous salary rate. I understand that the contribution payable will be on the basis of either the:

- rate that has prevailed for the previous position; this will be used in cases where there is a clearly identifiable rate and position, *or*
- former higher salary being indexed to the Consumer Price Index. Should the former higher salary after indexation, become less than the current actual salary then the election becomes ineffective and contributions are payable on the contributor's actual salary.

I further understand that:

- my employer will not pay the subsidy on the higher salary rate **and**
- my employer will only pay the subsidy on my lower salary – the actual salary I receive **and**
- I will pay both my own contribution and the difference in the employers contribution – ie the difference between what my employer is paying on my actual salary and what the employer's contribution would be to cover the cost of my estimated benefits **and**
- The cost that I pay will be actuarially determined and certified by the Government Actuary.

Signature _____ Date ____ / ____ / ____

Surname _____ Title _____

First Names _____ Date of Birth ____ / ____ / ____

Address _____

Telephone No. (____) _____ Work (____) _____

Email Address _____

Part B

Section 1 to be completed by the Board of Trustees Chairperson.

Section 2 to be completed by the Ministry of Education, Head Office and forwarded to
AXA Corporate Superannuation Services, PO Box 3614, Wellington

Section 1

Contributor's GSF Number _____ Contribution Rate _____ %

Former Annual Higher Salary Rate \$ _____

Reduced Annual Salary Rate \$ _____ Effective date of reduction ____ / ____ / ____

I certify that all the details shown are correct and that the reduction in salary was not due to misconduct.

Signature of Chairperson _____

Printed Name of Chairperson _____

Date ____ / ____ / ____

Name of School _____

School Telephone Number (_____) _____

School Facsimilie Number (_____) _____

School Email _____

School Address _____

Section 2

1. Date received from Board of Trustees ____ / ____ / ____

2. Details noted by _____ date ____ / ____ / ____

and forwarded to AXA Corporate Superannuation Services

Notes

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