

ATTACHMENT A

Payments to former employees who did not receive FSS employer contributions for periods of paid maternity leave or paid adoption leave

Step 1

The payment is calculated by multiplying the former employee's salary in respect of a period of paid maternity leave and paid adoption leave by the compulsory employer contribution percentage rate in the FSS for that particular financial year. Salary has the same meaning as in the FSS Act. The compulsory FSS employer contribution percentage rates are those prescribed in Section 12 of the FSS Act ie:

1 July 1992 – 31 December 1992	4%
1 January 1993 – 30 June 1993	5%
1 July 1993 – 30 June 1994	5%
1 July 1994 – 30 June 1995	5%
1 July 1995 – 30 June 1996	6%
1 July 1996 – 30 June 1997	6%
1 July 1997 – 30 June 1998	6%
1 July 1998 – 30 June 1999	7%
1 July 1999 – 30 June 2000	7%
1 July 2000 – 30 June 2001	8%
1 July 2001 – 30 June 2002	8%
1 July 2002 onwards	9%

Step 2

Interest is then applied to the amount calculated using the annual average crediting rates for all FSS investment options.

1 July 1994 to 30 June 1995	8.52%
1 July 1995 to 30 June 1996	9.39%
1 July 1996 to 30 June 1997	16.74%
1 July 1997 to 30 June 1998	9.00%
1 July 1998 to 30 June 1999	8.00%
1 July 1999 to 30 June 2000	9.17%
1 July 2000 to 30 June 2001	6.22%
1 July 2001 to 30 June 2002	-1.24%
1 July 2002 to 31 November 2002 deemed*	-2.124%

* The deemed rate for July 2002 to 30 November 2002 is based on the average crediting rates to 30 September 2002. Agencies that are unable to provide compensation before 30 November 2002 are to use a post June 2002 rate based on the average of *available* monthly rates from the Trustee.

NB: The scheme trustee did not 'charge' interest on late employer contributions to FSS prior to 1 July 1994.

Step 3

The superannuation amount plus interest is then multiplied by the FSS crediting rate for each subsequent financial year.

Example

An employee commenced 9 weeks paid maternity leave on 15 September 1999 and the contribution will be made to the employee’s account on 31 October 2002. Her salary for the period of paid leave was \$6,000.

Step 1: Calculate the superannuation amount for the relevant period

$$\$6,000 \times 7\% = \$420$$

Step 2: Calculate the total superannuation amount for the period ie superannuation plus interest.

= superannuation amount + interest for the 1999-2000 financial year

$$= \left[420 + \left(0.0917 \times \frac{9}{12} \times 420 \right) \right]$$

$$= \$448.89$$

NB: the superannuation amount is multiplied by $\frac{9}{12}$ of 9.17% because this is the number of months in the financial year *following* the month in which the employer should have paid the contributions.

Step 3: Multiply the amount calculated in step 2 by the FSS crediting rate for each subsequent financial year

Apply 2000-01 crediting rate (6.22%) to step 2 (\$448.89)

$$448.89 \times (1 + .0622)$$

$$\$448.89 \times 1.0622 = \$476.81$$

Apply 2001-02 crediting rate (-1.24%) to \$476.81

$$= \$476.81 \times (1 - 0.0124)$$

$$= \$476.81 \times 0.9876$$

$$= \$470.90$$

Apply the 1 July 2002 – 31 November 2002 deemed crediting rate (-2.124%) to \$470.90

$$= \$470.90 \times (1 - (122/365 \times 0.02124))$$

$$= \$470.90 \times 0.9929$$

$$= \$467.56$$

So a \$467.56 contribution is made to the employee’s superannuation account.

NB: There are 122 days from 1 July 2002 to 30 October 2002

If the former employee took more than one period of paid maternity leave or paid adoption leave, more than one calculation needs to be made.

Months	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Days	31	28*	31	30	31	30	31	31	30	31	30	31

* 29 in Leap Years (1996, 2000)