



1 June 2006

The Chief Executive Officer

Dear Sir / Madam

Findings from Contribution Remittance Change seminars

Over the past few weeks, the Board has conducted several "Contribution Remittance Change" seminars at various venues within the state. The Board thanks all Councils that were able to attend.

If Council officers require a copy of the slides that were shown at the seminars, these can be downloaded from the following LG Super website page
<http://www.lgsuper.org/employer/index.html>.

The purpose of these seminars was for the Board to gain an appreciation of potential issues associated with the change to the frequency of contribution remittance, and all seminars provided useful feedback in this regard. In regard to contribution remittance changes occurring from 1 July 2006, as discussed within the seminars, the Board encloses the final information sheet and data file format requirements. The information sheet also addresses several administrative issues raised by Council officers in attendance.

In September 2006, it is anticipated that training seminars will be held in regional centres in relation to the launch of the Board's enhanced "online" system catering for Straight Through Processing (STP). As detailed within the attached information sheet, the Board continues to correspond with the majority of Payroll Software suppliers and will test data files received by Councils after 1 July 2006 to ensure as seamless transition as possible to STP.

The Board will shortly start to make representations to the Department of Local Government, Planning, Sport and Recreation to change salary variations, for superannuation purposes, occurring only on 1 January and 1 July and will inform all Councils when this issue has been resolved.

Once again, thank you to the Council officers that attended the seminars. If you have any further queries in regard, please contact Ms Barbara Matthews on 07 3244 4309.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Timothy Willmington', with a checkmark to the left.

Timothy Willmington
Manager Operations
Enc.



LG SUPER SUPERANNUATION CONTRIBUTIONS PAYROLL DATA

As from 1 July 2006, the method of collecting contributions from Queensland Local Government employers will change to a “payroll cycle” frequency rather than the current method of collecting contributions as two 6 monthly payments from the employer, with the employer then reconciling back to these amounts with the actual weekly/fortnightly deductions from employees through payroll.

The new arrangements require that contributions (both data and payment) must be sent within 14 days after the end of the pay period.

Definition of Salary

The definition of superannuation salary does not change and is still limited to updates at 1 January and 1 July, although this may change to automatic salary updates in the future.

Calculation of Member 6% Contributions

The method of calculating the contribution amount does not change. Contributions are calculated as a percentage of superannuation salary.

Example: Salary x cont rate x part-time rate

$$\mathbf{\$40,000 \times .06 \times 1 = \$2,400 = \text{annual contribution amount}}$$

Because contributions will be paid to LG Super as they are deducted from members, it should not be necessary for employers to set up “debt accounts” .

The Local Government Act requires that LG Super advise employers of the annual contribution amount to be paid. Therefore LG Super will issue an electronic Contribution Schedule showing the expected contributions for the coming six month period. Employers can calculate regular payroll deductions as follows:

Example: $\$40,000 \times .06 \times 1 \times 184/365 = \$1,209.86$

= member contribution due from 1 July to 31 December

$\$1,209.86 / \text{number of pay periods}$

$\$1,209.86/13 = \$93.07 \text{ per fortnight pay}$

For a new member starting 1 August the calculation to 31 December would be:

$$\mathbf{\$40,000 \times .06 \times 1 \times 153/365 = \$1,006.03}$$

A report showing current contribution amounts for new members is planned for employers to download from the website.

Leave without Pay/Transfers between Employers

During the seminars conducted over the previous weeks, many employers had an issue with contributions continuing to be paid when a person was on leave without pay for periods less than 4 weeks (usually due to illness) and when transferring between employers. It is therefore proposed that contributions would no longer be payable during this time, with no detriment to the member’s service period. This has yet to be approved by the Board. Notification of leave without pay for periods greater than 4 weeks would continue to be provided to LG Super.

Employer On-Line new Website

LG Super is currently setting up a new employer website which will enable straight-through processing of contribution files. This will also enable new member records to be created with information from the payroll file. There will also be a function to enable employers to update member information on line, such as changes in part-time rates or benefit class which currently require a form to be completed. This website is expected to be available by late September 2006. In the meantime, payroll files should be lodged on the existing website and LG Super staff will check these using the new functionality to ensure that the data flows as expected.

Submitting Contribution Data

The payroll data file contains information required to match member records, information to create new member records and the contribution amounts for each member. Smaller employers may wish to submit the basic contribution data file and complete the on-line forms to submit new member information. Large employers may prefer to submit more information in the payroll file so that new members can be created automatically. Each record should contain all fields for one member.

It will be possible for files for different contribution types to be submitted separately as is done at present. For example, employers using Frontier Software's Chris payroll system will lodge a separate file for each contribution type. Other employers may need to lodge 1 file for standard contributions and another for SG only members. All payroll files for each pay period must be lodged at the same time.

Once a contribution period has been closed, it will NOT be possible to submit further files for an earlier date.

Basic Contribution Data Fields

Fields can be in any order to suit employer payroll extraction, but must be consistent each time submitted.

There can be up to 8 contribution types. Some employers have advised they would prefer to split the salary sacrifice contributions into 2 fields, one for Accumulation and one for Defined Benefit members.

If required, the employer 12% can be calculated by LG Super, based on the member 6% or salary sacrifice amounts. This may be helpful for those employers that cannot extract this from their payroll system.

Negative Contributions

Following the various seminar discussions, LG Super will conditionally accept negative contributions in files. Negative contributions will be monitored and will not be accepted in the following circumstances:

- If no contributions of that type have already been received for that financial year;
- If the member has been paid their benefit or transferred to another fund;
- If by applying a negative contribution it would result in a negative account for the member for any reason.

Field No.	Field	Content	Description
1	LG Super Member No.	If new member leave blank	Required for matching *
2	Payroll Employee No		For employer reference only
3	Surname	Text	Required for matching *
4	Given Names	Text	Required for matching *
5	Date of Birth	dd/mm/yyyy	Required for matching *
6	Cont 1 Employer SG	9% OTE	SG only members Classes 3 and 4
7	Cont 2 Member Statutory ++	6% Super Salary	Member after tax cont
8	Cont 3 Salary Sacrifice Statutory Accumulation	6% Super Salary	accumulation members
9	Cont 4 Salary Sacrifice Defined	7.05882% salary sacrifice	defined benefit members
10	Cont 5 Employer Statutory	12% employer	employer contribution – can be calculated by LGSuper if not available.
11	Cont 6 Member Voluntary	Selected amount	Extra member after tax
12	Cont 7 Additional Employer	Selected amount	Extra employer conts including extra salary sacrifice
13	Cont 8 Spouse	Selected amount	Spouse conts <u>must</u> be separately identified and will be allocated to spouse using the employee member number .

* *3 out of 4 fields required for matching.*

++ *There are a few Class 2 members remaining in the Fund. Cont rates for these members are 5% member, 11% Employer Statutory, 5.88235% Defined Benefit Salary Sacrifice. All contributions to be rounded to 2 decimal places.*

New / Update Member Information Data Fields

If the following fields (14 to 23) are included in the payroll data file it will enable new or updated member information to be captured and created automatically.

It is not necessary to include all fields. Information not supplied in the file can be updated on-line or supplied using the current forms. We understand that certain information (fields 24 to 27) may not be available from every payroll system at this time but are included for use where applicable.

Field No	Field	Content	Description
14	Gender	M or F	
15	Address1	Mandatory	eg:U1 12 Any Street
16	Address2	Use only if Address1 is not sufficient	Address will only be used for new members.
17	Address3	Use only if Address2 is not sufficient	
18	Suburb	Mandatory	
19	Postcode	Mandatory	
20	Tax File Number	If authorised by member to supply to super fund	If TFN is not supplied additional tax may apply on contributions
21	Date Joined Employer	dd/mm/yyyy	
22	Super Salary	Annual Salary for new members rounded to whole dollars	If Part Time must be equivalent Full Time salary
23	Termination Date	dd/mm/yyyy	Date ceased employment
24	<i>Termination Reason</i>	<i>Will default to Resignation unless otherwise advised</i>	
25	<i>Employment status/Benefit Class for new members and changes</i>	<i>If this information is not available the details can be updated by form as present, or by using the new website when available.</i>	
26	<i>Part-time %</i>	<i>as above</i>	
27	<i>Date of Change</i>	<i>as above dd/mm/yyyy</i>	<i>To be used for change of employment status, start date for member contributions or part-time change. Must be after date joined employer</i>

File Format

The data file should be submitted as a .csv file, but txt or fixed-width files can also be accepted. Sample data files should be submitted to bmatthews@lgsuper.org for checking.

Please contact Barbara Matthews by email or on 07-3244 4300 if you have any questions.

Payroll Software Suppliers

Detailed discussions have been held with Frontier Software, and Chris users have been provided with information on their specific requirements.

Contact has also been made with Practical Computing and Aurion. A copy of this document is being forwarded to Resolute IT (LG1) and Civica (Authority Systems) as well.