



## Superannuation on Unpaid Parental Leave

### *Changes to Superannuation on Unpaid Parental Leave*

ANU is a national leader on equal access to parental leave for both birth and non-birth parents.

Effective from 8 March 2019, the University will now provide employer superannuation contributions to staff during approved periods of unpaid parental leave for periods up to the equivalent of a maximum of 26 weeks.

### *Eligibility*

- Any current staff member with 12 months continuous service who is eligible for paid parental leave will be eligible for employer superannuation contributions for periods of unpaid parental leave.
- Staff must apply for unpaid parental leave through the usual process, by contacting the Parental Leave team
- Employer superannuation contributions will be granted where unpaid parental leave is taken in the first two years, following the child's birth.
- Paid parental leave must be taken prior to unpaid leave periods.
- Employer superannuation contributions will be paid at the equivalent pre leave salary and conditions
- Staff members taking half paid parental leave and unpaid leave will receive employer superannuation contributions equivalent to 26 weeks full pay.

### *Superannuation arrangements*

As part of the ANU community, staff members are members of Unisuper and will either be a member of the defined benefit division, accumulation 2 or accumulation 1 scheme. These operate in slightly different ways with respect to investments and retirement benefits.

**Defined Benefit Division:** Your superannuation retirement benefit is calculated (or defined) using a formula which incorporates, age, salary, years of membership, average service fraction and an average contribution factor. Staff members receive employer contributions and make pre or post tax employee contributions.

**Accumulation 2:** your superannuation account operates like an investment account where contributions are invested in your chosen investment strategy and the balance accumulates over time based on market performance. Staff members receive employer contributions and make pre or post tax employee contributions.

**Accumulation 1:** is for staff members whose contributions are capped at the compulsory superannuation guarantee, which is currently at 9.5%.

### *UniSuper standard member contributions and unpaid parental leave*

If you are a member of the UniSuper Accumulation Scheme, you will not be required to take any action to ensure employer superannuation contributions are paid.

If you are in the Defined Benefits Division, you will need to maintain your standard employee contributions to retain full defined benefit access and outcomes. You should contact the Parental Leave team about making these contributions while on parental leave. The UniSuper On-Campus Consultant will also assist you in assessing the available options (below).

1. Maintain defined benefits by paying employee contributions (either in instalments or in a lump sum), directly to the ANU, who will forward this payment to UniSuper. Payments can be facilitated by contacting the Parental Leave team. For paid parental leave at half pay, member contributions can be deducted from your salary at the full rate to maintain the defined benefit.
2. Elect for employer contributions to be made into the accumulation scheme, instead of defined benefits, for the duration of the unpaid leave. **This will be the default option if you do not notify the Parental Leave team of your choice.** When you return to full pay either by taking paid leave or returning to work, employer contributions will revert to the arrangement in place prior to taking leave.
3. Use the contributions flexibility option to reduce your employee contributions to 0%. Please note that this is a permanent choice, and while it ensures all employer contributions are paid into the defined benefit component, it will **affect your defined benefit upon retirement.** We recommend that you speak with the UniSuper On-Campus Consultant before you take this action, as it may significantly impact your future entitlements.

### *Additional Information & Resources*

- [Parental and grandparent leave procedure](#)
- [UniSuper contributions flexibility fact sheet](#)
- [UniSuper Defined Benefit Division](#)
- [UniSuper Accumulation 2](#)
- [UniSuper Accumulation 1](#)

### *Further information*

For further information please contact the Parental Leave Team at [parental.leave@anu.edu.au](mailto:parental.leave@anu.edu.au)

For further information regarding superannuation implications please [book an appointment](#) with Carol Morton, UniSuper's On-Campus Consultant.

## Frequently asked questions

If I am a Defined Benefit Member, how will the University maintain my employer contributions while on unpaid parental leave, and will this affect my Defined Benefit?

*Your Defined benefit will be unchanged through this period if you elect to maintain the standard employee contributions during unpaid parental leave. If you choose not to pay standard employee contributions during this period, employer contributions will be paid to the accumulation component and your final benefit will be reduced.*

If I am an Accumulation 2 member, how will the University maintain my employer contributions while on unpaid parental leave?

*The extra contributions paid by the University when you are on unpaid parental leave will be paid directly to your Accumulation 2 balance. No action is required on your behalf*

Do I need to do anything if I choose not to pay the standard employee contribution?

*Unless you elect otherwise, the University will pay the additional contributions for this period into the Accumulation component of your account on a fortnightly basis. If you wish for these payments to be made into the defined benefit account, you will need to decide how to manage your employee contributions. You should discuss the options with the Parental leave team or the UniSuper On-Campus Consultant.*

How do I pay my standard employee contributions if I'm on unpaid leave?

*Standard employee contributions can be paid directly to the University via EFT. Once receipted these will be forwarded to UniSuper. Contact the Parental Leave team who will assist with this process*

## Case Studies

Lee is a fixed term ANU staff member in the defined benefits division and is applying for 52 weeks Parental Leave as per the following:

- 26 weeks Paid Parental Leave, and
- 26 weeks Unpaid Parental Leave

As Lee will be accessing leave at full pay, there are no changes in relation to the initial 26 weeks of parental leave, where Lee's employer superannuation contributions will be paid by the University into Lee's defined benefit account at the same rate prior to commencing parental leave, and Lee's employee contributions are deducted from salary.

For the 26 weeks unpaid parental leave the University will continue to pay employer contributions, Lee has a preference that these employer superannuation contributions to be made into the defined benefit account. This means Lee will be required to continue to pay employee contributions to maintain the defined benefit, or make an alternate decision regarding

contributions, in consultation with the Parental Leave team and UniSuper On-Campus Consultant.

Robyn is a continuing ANU staff member, and is a member of the UniSuper Accumulation 2 plan. Robyn has applied for Parental Leave as per the following:

- 26 weeks Paid Parental Leave,
- 4 weeks Paid Annual Leave, and
- 22 weeks of Unpaid Parental Leave.

Robyn will continue to be entitled to employer superannuation contributions for all periods of paid leave, paid into Robyn's Accumulation 2 account.

For the 22 weeks of unpaid parental leave, the employer superannuation contributions continue to be paid at Robyn's full rate prior to commencing leave, and paid into Robyn's Accumulation 2 account. As Robyn does not pay employee contributions, there is no action required on Robyn's behalf.

Jamie is a CCF staff member whose superannuation is in the Defined Benefits Division of UniSuper.

Jamie is the non-birth parent and will be the primary carer of the child, taking 26 weeks of Parental Leave at half pay, over a 52 week period. While on half pay leave, Jamie would normally receive half the normal rate of employer contributions, and pay half the normal rate of employee contributions.

During this period of leave where Jamie is receiving half pay, the employer superannuation contributions will be paid at the equivalent amount as if Jamie was receiving full pay.

If Jamie wants the full amount of employer superannuation contributions paid into defined benefit, Jamie will be required to contribute the full rate of employee contributions, despite being on parental leave half pay.

If Jamie does not wish to pay the full rate of employer contributions paid under this initiative will be paid into Accumulation 2. This means that Jamie receives half employer superannuation to defined benefits, and half to Accumulation 2.

When Jamie returns to work, the employer superannuation contributions resume being paid into Jamie's defined benefit division account.