

**What is salary sacrifice?**

Salary sacrifice is an arrangement where you can forego a portion of your normal fortnightly remuneration in order to allow your employer to make additional contributions to a complying superannuation fund of your choice. As your employer will make these contributions directly to your nominated superannuation fund there are certain tax advantages that you may enjoy.

Salary sacrifice involves saving the income tax otherwise payable on the remuneration you sacrifice. However a contributions tax will apply to any amount of employer superannuation that is paid into a superannuation fund on your behalf. The difference between the two tax rates constitutes the benefit of salary sacrifice.

**Who can salary sacrifice?**

Salary sacrifice is available to employees who are covered by agreements that provide for salary sacrifice. Your Human Resources area will be able to advise you of your eligibility.

**Can I salary sacrifice retrospectively?**

No, you may only salary sacrifice prospectively. This means you can only salary sacrifice potential future remuneration (and not past remuneration).

**Can I salary sacrifice into my partner's superannuation fund?**

No, you may only salary sacrifice into an account in your name in a complying superannuation fund.

**What is a complying superannuation fund?**

A complying superannuation fund is one which meets the requirements of the Commonwealth's *Superannuation Industry (Supervision) Act 1993*. The fund you nominate must accept fortnightly payments by way of electronic funds transfer. You must provide evidence of your nominated funds complying status (other than RBF) with your salary sacrifice request form before any payment can be made. You may salary sacrifice to a maximum of three complying superannuation funds.

**Can I salary sacrifice into the RBF contributory scheme?**

You are not able to salary sacrifice your compulsory 5% RBF contribution into the RBF contributory scheme. However you are able to salary sacrifice other parts of your remuneration to accounts within RBF. If you are a member of the RBF Tasmanian Accumulation Scheme, or another complying superannuation scheme, you are able to salary sacrifice any part of your remuneration.

**How much does it cost?**

The industrial agreements covering salary sacrifice state that the introduction of salary sacrifice will be at no cost to the employer. Nevertheless, for the first twelve months there will be no administrative fee charged by the employer for the administration of a salary sacrifice arrangement. This will be reviewed during the initial twelve month period and any fees relating to continuing or future salary sacrifice arrangements will be advised before they are imposed.

**Should I salary sacrifice?**

Whether or not you should participate in a salary sacrifice agreement depends on your own individual circumstances. If you are considering taking part in a salary sacrifice agreement you should strongly consider taking independent financial advice. This should allow you to make an informed decision about whether salary sacrificing will be to your advantage. You should carefully consider the full implications of entering into such an agreement.

**Will it affect my current employer superannuation contributions?**

No. Any contributions made by your employer to your superannuation fund will be based on your total remuneration prior to any salary sacrifice deductions.

**How much can I salary sacrifice?**

There is no limit placed on how much you are able to sacrifice. However if you are a member of the RBF contributory scheme you cannot sacrifice your compulsory 5% RBF contribution. The amount that can be sacrificed must be expressed as a per annum dollar amount. There may be a limit beyond which salary sacrifice is not tax effective, and you are encouraged to obtain independent financial advice about this.

### **Do I have to salary sacrifice?**

There is no obligation to enter into a salary sacrifice agreement. You should ensure that you are fully aware of all the implications of entering into such an agreement, including tax implications.

### **Can I vary the amount I sacrifice?**

Yes. You are able to increase or decrease the per annum amount on a prospective basis upon completion of a new salary sacrifice request form. For administrative reasons you may only vary the amount once every twelve months.

### **What if my circumstances change?**

If you feel you can no longer afford to continue with your salary sacrifice agreement you must formally advise your Head of Agency and the agreement will be terminated as soon as practicable. If you subsequently wish to enter into a new salary sacrifice agreement a waiting period determined by your Head of Agency may apply.

### **What if my employment ceases?**

If your employment ceases, for whatever reason, your salary sacrifice agreement will cease at the same time.

### **What happens if I take unpaid leave?**

In the event you take any form of unpaid leave you must contact your Human Resources area. Your salary sacrifice agreement will cease for the period of unpaid leave.

### **What if I move to a new State Service Agency?**

In the event you move to a new Agency your salary sacrifice agreement will continue on the same terms as you originally requested.

### **When can I access the salary which I have sacrificed?**

Commonwealth legislation states that any money contributed to a superannuation fund cannot be accessed until you reach your preservation age, and have retired from the workforce. The preservation age is 55 for those born prior to 1 July 1960, rising to 60 for those born after 30 June 1964. You are encouraged to contact your superannuation fund or financial advisor for more information on this matter.

### **When will I be able to salary sacrifice?**

Administrative arrangements will be in place to allow eligible employees to salary sacrifice from the first full pay period commencing after 1 July 2001.

### **How do I sign up?**

It is suggested that you first obtain financial advice to ensure you know how salary sacrifice will affect your personal circumstances.

If you decide to enter into a salary sacrifice agreement please contact your Human Resources area to obtain and complete a salary sacrifice request form. Once completed return the form, with a certificate of compliance from your superannuation fund, to your Human Resources area. This will be forwarded to the superannuation fund which you have nominated. Your salary sacrifice agreement will then commence as soon as practicable.

## *Salary Sacrifice*

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Information Brochure



*Plan for your future with salary sacrifice*

A salary sacrifice information guide  
for employees in the Tasmanian  
State Service.