

Fact sheet

This fact sheet provides you with specific information about how working part-time affects your contributions and benefits in Division C. This is additional information to your member booklet, therefore you should read your member booklet before reading this fact sheet.

As a Basic member of Division C, your lump sum benefit is determined as the greater of:

1. An accumulation benefit based on 3% of your super salary accumulated with interest; and
2. A defined benefit based on a multiple of your average super salary over the last 3 years (your 'Final Average Salary' or FAS).

You are unable to make personal contributions to Division C, nor do you have insurance cover for death and total and permanent incapacity.

Accumulation benefit component

The accumulation benefit component depends on employer allocations and the interest rate credited to your account.

If you work part-time, the employer allocations made will be commensurately lower compared to a full-time situation. This simply reflects the fact that your super salary is lower because of your part-time status (the contributions being determined as 3% of your super salary).

If you change your hours, your existing accumulation benefit component balance is unaffected. However, the future growth in your balance will be affected. The manner in which it will be affected depends on:

- Whether your change in hours is an increase or a decrease and the extent of that increase or decrease (affecting current and future employer allocations based on 3% of your changed super salary);
- Whether your hourly rate of super salary has changed in conjunction with your change in hours and, if so, the extent of the change in your hourly rate of super salary (affecting current and future employer allocations based on 3% of your changed super salary); and
- Whether the growth in your hourly rate of super salary is affected in the future (affecting future growth in your super salary and hence future employer allocations).

Defined benefit component

Final Average Salary (FAS)

If you are working part-time (ie. less than 76 hours per fortnight), the super salary used in calculating your FAS is the full-time

equivalent of your part-time super salary. In this case, the super salary used in calculating your FAS will be your part-time super salary converted to a full-time equivalent by multiplying your hourly rate of super salary by 76 hours.

For example, if you work 50 hours per fortnight and your super salary is \$20,000 pa, your full-time equivalent super salary will be \$30,400 pa calculated as follows:

$$\begin{aligned} &= (\text{Super Salary} \times \text{Full-Time Hours Per Fortnight}) \div \text{Your Actual Hours Per Fortnight} \\ &= (\$20,000 \times 76) \div 50 \\ &= \$30,400 \text{ pa} \end{aligned}$$

Your FAS will grow over time depending on growth in your hourly rate of pay. FAS growth is not dependent on the number of hours you work.

Consequently, a change in your hours in itself will have no impact on your current FAS or future growth in your FAS.

Your FAS will not reduce under any circumstances. Should your hourly rate of super salary reduce for any reason, it will not result in a reduction in FAS. Although your average annual super salary over the last three years could eventually reduce as a result of this, your FAS will remain at its highest amount ever.

Accordingly, if you reduce your hours (eg. by transferring to part-time employment) and your hourly rate of super salary also reduces, this will not reduce your FAS. However, the future growth in your FAS will slow as a result of the reduction in your hourly rate of super salary and could eventually stop altogether depending on the future growth in your hourly rate of super salary.

Multiple

Your multiple generally grows over time unless, for example, you are on leave without pay. The growth rate is adjusted to reflect your standard working hours. For example, if you work 38 hours per fortnight, the growth rate in your multiple will be half the growth rate in your multiple if you were to instead work full-time (ie. 76 hours per fortnight).

In general this means is that the level of new accruals in your defined benefit component is in proportion to the number of hours you work.

If you change your hours, your existing multiple is unaffected.

The rate of growth in your multiple going forward will be higher or lower, depending on whether you increased or reduced your hours respectively, and will be in proportion to the change in your hours.

Summary

Growth in your defined benefit component is generally dependent on growth in your FAS and growth in your multiple.

Working part-time means that your multiple grows at a rate which reflects your part-time hours (in proportion to full-time rates). Your FAS is measured at full-time equivalent rates of super salary and is therefore not dependent on the number of hours you work.

However, FAS does depend on future changes in your rate of super salary growth.

If you change your hours, your existing defined benefit component amount is unaffected. However, the future growth in your benefit will be affected. The manner in which it will be affected depends on:

- Whether your change in hours is an increase or a decrease and the extent of that increase or decrease (affecting future growth in your multiple);
- Whether your hourly rate of super salary has changed in conjunction with your change in hours and, if so, the extent of the change in your hourly rate of super salary (affecting future growth in your FAS); and
- Whether the growth in your hourly rate of super salary is affected in the future (affecting future growth in your FAS).

The rules for determining how working part-time may impact on your benefits are complex and individual circumstances may differ. For further assistance on the impact of working part-time on your benefits, you should seek advice from an independent professional financial adviser.

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