

## Leave provisions and MilitarySuper

MilitarySuper provides Members with the flexibility of being able to contribute in respect of certain types of leave without pay (LWOP).

MilitarySuper Members who proceed on LWOP where contributions are permitted should carefully consider the possible benefits of electing to pay contributions for part or all of the LWOP period.

### LWOP—21 days or less

Contributions must be paid for LWOP of up to 21 days.

### LWOP—More than 21 days

Contributions are not permitted if LWOP is more than 21 days, unless the LWOP is granted for one of the reasons shown in Table 1 on the right.

### IMPORTANT

This leaflet should be provided to all MilitarySuper Members who proceed on LWOP for periods in excess of 21 days.

## Advantages of electing to contribute during LWOP

The main advantages of electing to contribute during LWOP in cases where contributions are permitted are:

- Payment of contributions will increase the Member component of the benefit and, in most cases, payment of contributions will mean that the MilitarySuper Employer Benefit will accrue for part or all of the period.
- In these cases, although the benefit will not generally be available as a pension until age 55, or as a lump sum until age 55 (or later preservation age) and retirement from the workforce, for most Members it represents an excellent return as, dependent on the period of Membership, the employer will provide a guaranteed benefit in today's dollar values of between 18% to 28% of the Member's average salary at the time of ceasing Membership, and,
- In all cases payment of contributions for either the whole of the period of LWOP, or for at least two years

where the LWOP is for more than two years, will either count as qualifying service for the retention benefit, or at least maintain continuity of service for the retention benefit.

- As explained later, some Members are entitled to a Retention Benefit of a full year's salary after 15 years continuous service. It is important that Members who may have a future entitlement to a Retention Benefit, elect to pay contributions during LWOP where contributions are permitted, otherwise the period of service built up for retention benefit purposes is lost.

Determining eligibility for a Retention Benefit and paying the benefit is handled by the Department of Defence. Contact your Pay Officer for details.

## Types of LWOP where Members may elect to pay contributions

The types of LWOP where contributions are permitted, and the period that contributions are permitted, are shown in Table 1:

**Table 1—types of LWOP where contributions are permitted**

LWOP granted for	Period contributions permitted
Maternity or paternity reasons (birth/pregnancy/termination/adoption)	9 months
Compassionate reasons	2 years
Accompanying a Defence Force spouse on a Defence Force posting	2 years
Study, training, or other activity which is approved as relevant to Defence Force requirements	No limit
Defence Force approved full-time employment	No limit
Temporary physical or mental incapacity	No limit

## Election to contribute during LWOP

Should you be granted LWOP for one of the above reasons you may elect, before the LWOP ceases, to pay contributions for part or all of the period.

You may revoke the election to contribute at any time three months after the date of election to contribute. A revocation takes effect from the first payday following the date of revocation.

The original of your election should be sent direct to ComSuper. A photocopy should be provided to your pay office for notation, and to alert your pay office of the need to provide ComSuper with any necessary associated documentation as outlined in the election form ML3 (available by contacting ComSuper on 1300 006 727 or from the MilitarySuper website at [www.militarysuper.gov.au](http://www.militarysuper.gov.au)).

An election to pay contributions can specify a particular period of payment provided it does not exceed the maximum period permitted for particular types of LWOP as shown in Table 1 on the first page.

### Advantage—MilitarySuper Employer Benefit accrual

Subject to the time limitations and conditions indicated, payment of Member contributions will mean that the MilitarySuper Employer Benefit will grow for each fortnight that a contribution is paid during the LWOP period where LWOP is granted for one of the reasons shown in Table 2 (see below).

**Table 2—types of LWOP where the Employer Benefit will accrue**

(subject to payment of Member contributions)

LWOP granted for	Limitations and conditions
Maternity/ Parental LWOP	MilitarySuper Employer Benefit accrual limited to 9 month
Study, training, or other activity which is approved as relevant to the Defence Force	MilitarySuper Employer Benefit accrual limited to 12 months
Temporary physical or mental incapacity	MilitarySuper Employer Benefit accrual limited to 12 months
Defence Force approved full-time employment	No limit to the period of MilitarySuper Employer Benefit accrual provided the LWOP employer pays the full MilitarySuper notional employer contribution which is currently 27% of MilitarySuper salary

Payment of Member contributions for each of the above types of LWOP will also count as eligible service for retention benefit purposes for the period specified. For employment LWOP the period will count subject to payment of the full MilitarySuper notional employer contribution.

### Example

On maternity or parental leave for nine months, for a Member with an average salary of \$44,000, payment of contributions for the whole period would accrue an MilitarySuper Employer Benefit of at least \$5,480 and, depending on the period of contributory Membership, possibly as high \$8,530.

In this example Member contributions for the period would be about \$1,600 so the total benefit would grow by between \$7,080 and \$10,130.

Where LWOP is granted on compassionate grounds, or to accompany a Defence Force spouse on a Defence Force posting, the MilitarySuper Employer Benefit will not grow even though contributions are permitted. It may, however, be in a Member's interests to maintain contributions in order to maintain continuity of service for retention benefit purposes (see below).

### **Advantage—maintain continuity of service for the retention benefit**

Certain MilitarySuper Members become entitled to a retention benefit of a full year's salary after completion of 15 years continuous service.

Any period of LWOP during which contributions are not permitted will break continuity of service for retention benefit purposes.

To maintain continuity of service for the retention benefit where contributions are permitted during LWOP, contributions must be paid for either:

- the whole of the LWOP period; or
- for at least two years if the LWOP exceeds two years.

Where a Member is permitted to pay contributions but does not pay for the required period, the Member would lose the period of service built up for retention benefit purposes prior to commencing LWOP and the 15 year qualifying period would commence again on return from LWOP.

### **The period of LWOP may count towards the retention benefit qualifying period**

There is a further advantage in that payment of contributions for the whole of the LWOP period, or for at least two years if the LWOP exceeds two years, will add to the period of service for retention benefit purposes for the types of LWOP shown in Table 2, subject to the time limitations and conditions shown in Table 2.

### **Example**

A Member with 14 years' MilitarySuper Membership service proceeds on nine months' maternity/parental LWOP, and pays contributions for only six of the nine months.

- The MilitarySuper Employer Benefit will accrue at 1/26 of 23% of average salary for each fortnight that a contribution is paid,
- however, as contributions have not been paid for the whole of the LWOP period, he or she would lose the 14 years built for retention benefit purposes and
- on resumption from LWOP the 15-year qualifying period would begin again.

Had the Member paid contributions for the whole nine months, the growth of the Member and Employer Benefit would have been greater, and on resumption from LWOP he or she would have a credit of 14 years and 9 months service for retention benefit purposes.

The Retention Benefit is administered by the Department of Defence, not ComSuper, however, the eligibility provisions to qualify for the Retention Benefit as far as continuous service is concerned, form part of the MilitarySuper Scheme Rules.

Enquiries concerning entitlement to the retention benefit should be directed to your Pay Office, not ComSuper.

## **Employment LWOP**

If you are granted LWOP to engage in full-time employment with the approval of the Defence Force, it may be in your interests to negotiate a salary arrangement with the LWOP employer which provides for the employer to pay the MilitarySuper notional employer contribution of 27% of MilitarySuper superannuation salary.

In the case of employment LWOP, you should obtain form ML1 from your Pay Office. This form provides detailed information for you to consider, and includes a form of agreement to be made with the LWOP employer. This form can also be obtained from the MilitarySuper website at [www.militarysuper.gov.au](http://www.militarysuper.gov.au).

### **MilitarySuper benefit cover**

A Member has full invalidity and death cover whilst on LWOP. Salary for MilitarySuper purposes is the MilitarySuper salary the Member would have received had the Member not been on LWOP. Higher duties allowance is not included unless the Defence Force specifically advises that the allowance would have been paid if not for the LWOP.

## **Provisions apply in respect of each period of LWOP granted**

These provisions apply in respect of each separate period of LWOP granted. For example, if a Member is granted three separate periods of LWOP for approved education purposes over a three year period, and resumes full-time duty during the intervening non-academic year periods, the provisions would apply separately in respect of each LWOP period granted.

## **Absence without leave (AWOL)**

If a Member is AWOL for a period in excess of 21 days contributions are not required or permitted during the period of absence.

In the event of death whilst on salary forfeited AWOL for a continuous period of more than 21 days there is no MilitarySuper death benefit available to a spouse, child/children or to the estate unless the MSB Board is satisfied that there are sufficient mitigating circumstances.

Similarly, should invalidity retirement result due to an occurrence whilst on salary forfeited AWOL for a continuous period of more than 21 days, there is no MilitarySuper invalidity benefit available unless the MSB Board is satisfied that there are sufficient mitigating circumstances.

Where a death or invalidity benefit is not payable in these circumstances the benefit would be limited to the resignation benefit.

## **Paid leave including paid leave on less than full pay**

Full normal contributions are required during any period of paid leave, including a period of paid leave on less than full pay, such as long service leave on half pay.

## **Outline of LWOP provisions and LWOP election to contribute**

A summary of the LWOP provisions described above and a form of election to contribute whilst on LWOP follows.

## **Payment of contributions**

Contributions in respect of a period of LWOP may be paid in instalments during the leave, or by a lump sum. ComSuper prefers that payments be made quarterly over the period of LWOP but Members may pay more frequently.

You can estimate your liability for LWOP contributions by multiplying your fortnightly MilitarySuper contribution by the number of paydays covered by the LWOP election to contribute.

Payments must be accompanied by the Member's full name, service number and a statement to the effect that the payments are for MilitarySuper employee contributions while on LWOP. Failure to do this may mean the loss of interest on contributions because of the difficulty in identifying instalments without details. Payments should be addressed to:

The Collector of Public Monies  
MSB Board of Trustees  
PO Box 22  
Belconnen ACT 2616

If a Member decides to pay the contributions after the period of LWOP, then contributions must be paid within the same time period that the Member spent on LWOP. For example, if a Member takes three months' LWOP, then outstanding contributions must be paid within three months of returning to duty.

Please note that the repayment of arrears may not be made by electing to increase contributions from 5% to 10%. Your pay office is required to report the increase as a repayment of arrears rather than as an increase in your contribution rate.

## MilitarySuper leave without pay summary

	Parental (maternity/paternity)	Accompanying spouse or compassionate	Approved education/training/other activity/ temporary incapacity	Full-time employment (approved by the Defence Force)
May elect to pay contributions for	9 months	2 years	No limit	No limit
MilitarySuper: payment will attract Employer Benefit accrual	Yes	No	Yes, but limited to the first 12 months	Yes <sup>2</sup>
Retention Benefit counts as service	Yes <sup>1</sup>	No <sup>1</sup>	Yes, but limited to the first 12 months <sup>1</sup>	Yes <sup>1, 2</sup>

<sup>1</sup> Continuity of service for retention benefit purposes is maintained provided:

- If LWOP is for less than 2 years—contributions are paid for the whole period.
- If LWOP is for 2 to less than 4 years—contributions are paid for at least 2 years.

<sup>2</sup> Provided the employer pays the full employer contribution of 27% of salary.

## If you need more information...

Phone: Customer Service Centre 1300 006 727  
Fax: (02) 6272 9617

Website: [www.militarysuper.gov.au](http://www.militarysuper.gov.au)  
Email: [Members@enq.militarysuper.gov.au](mailto:Members@enq.militarysuper.gov.au)

Post: PO Box 22  
Belconnen ACT 2616

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