

# Taking unpaid leave

## GOLD STATE SUPER FACT SHEET

During some point in your working career, you may need to take unpaid leave. The length of time you take and the reason why you take it will determine what effect unpaid leave will have on your Gold State Super benefit. This fact sheet looks at the impact of unpaid leave and the options you will need to consider.

### TYPES OF UNPAID LEAVE FOR SUPER PURPOSES

#### 1. Recognised Unpaid Leave is:

- When you are on parental leave
- When you are on sick leave
- Any period of unpaid leave where normal employee entitlements, such as annual leave, sick leave or long service leave continue to accrue, or
- Any other period of unpaid leave that your employer formally agrees to be treated as Recognised Unpaid Leave for superannuation purposes. If your unpaid leave is approved on this basis, your employer is required to notify us in writing.

All periods of Recognised Unpaid Leave are considered 'good service' for superannuation purposes. During 'good service' your Gold State Super benefits will continue to accrue as normal.

#### 2. Unrecognised Unpaid Leave:

- Is any period of unpaid leave that does not qualify as Recognised Unpaid Leave
- Will impact on your super entitlements

An example of Unrecognised Unpaid Leave is unpaid leave that is taken for personal reasons, such as an extended overseas vacation.

### EFFECTS OF UNPAID LEAVE ON YOUR GOLD STATE SUPER BENEFIT

Any period of recognised or unrecognised leave without pay, which is less than three months in length does not affect your Gold State Super membership and your employer is not required to inform GESB. You are still required to make contributions for periods of leave less than three months.

Type of unpaid leave	Membership and employer notification	Contributions	Insurance Cover*
<b>Period of less than three months leave</b>			
Recognised Unpaid Leave and Unrecognised Unpaid Leave	Your Gold State Super membership is not affected. Your employer is not required to inform us.	You are still required to make member contributions to your Gold State Super account.	Your insurance cover is not affected.
<b>Period of more than three months leave</b>			
Recognised Unpaid Leave	Your Gold State Super membership is not affected. Your employer needs to notify us in writing.	There are three options available regarding contributions while you're on unpaid leave. See options overleaf.	The insurance cover you receive will depend on the contribution option you choose. See options overleaf.
Unrecognised Unpaid Leave	Your Gold State Super membership entitlement will be affected. Your employer needs to notify us in writing.	You are not able to contribute to your Gold State Super account. The period will not be counted as service in the calculation of your final benefit.	Your insurance cover will automatically lapse, but can be maintained if you elect to pay an insurance premium.

\* Insurance cover is only available to members under age 60.

## CONTRIBUTIONS WHILE TAKING UNPAID LEAVE

There are three options available to you regarding contributions while you're on unpaid leave.

### OPTION 1 Defer Contributions

You may choose to defer your contributions until you return to work. To avoid paying interest, you will need to pay the deferred contributions owing for your period of unpaid leave in the same amount of time you took as unpaid leave.

For example, if you take six months unpaid leave and elect to defer your contributions, you have a maximum of six months to pay the contributions owing following your return to work, to avoid paying interest.

In accordance with legislation, GESB may charge interest on any amounts outstanding at the end of the defined period.

If you select this option, your account operates as if you are at work, meaning both your normal Gold State Super benefits and insurance cover for death and disability will continue to accrue at the current rate.

### OPTION 2 Continue Contributions

When on Recognised Unpaid Leave, you can continue to make your regular Gold State Super contributions by either:

- Sending your normal contribution amount to GESB each fortnight, or
- Paying the contributions in advance to cover your period of unpaid leave

If you select this option, your account operates as if you are at work, meaning both your normal Gold State Super benefits and insurance cover for death and disability will continue to accrue at the current rate.

### OPTION 3 Reduced Benefit Option

If you decide not to pay any Gold State Super contributions for your period of leave, your elected contribution rate during this period will change to 0%. Your Gold State Super benefit will still accrue over your period of leave, but you will see an overall reduction to your Average Contribution Rate.

Normal Gold State Super benefits, as well as your insurance cover for death and permanent disability, will be reduced in accordance with your Average Contribution Rate.

Following your return to work, you may increase your contribution rate up to 7% (for the period of time required) to bring your Average Contribution Rate back up to 5%. You can apply to change your contribution rate at any time by writing to us. Once we receive your request, your change will take effect from the beginning of the next contribution period.

If you retire, die or become totally and permanently disabled before your Average Contribution Rate reaches its previous level, your benefit will be reduced.

You may wish to seek financial advice as to whether Option 3 is suitable for you.

## CHOOSING YOUR CONTRIBUTION OPTION

Once we have been advised of your Recognised Unpaid Leave, we will write to you asking that you select one of the available options. You will need to advise us of your choice within one month of receipt of our letter.

If you do not advise us of your selection within the one month time period, you will automatically be deemed to have chosen Option 1 - 'Defer Contributions'.

## MORE INFORMATION

- As a service to members, we regularly conduct free member seminars that deal with taxation, investment options, retirement and much more. To attend a seminar, simply register online at [gesb.com.au](http://gesb.com.au).
- Call your Member Services Centre on 13 43 72.
- See the 'Gold State Super Essentials' brochure, available at [gesb.com.au/brochures](http://gesb.com.au/brochures).

## How to contact us

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