Flexible Salary Packaging Policy

Last updated: 11 December 2012 Policy Assigned to: Director, Human Resources

Overview

Flexible Salary Packaging is an Australian Tax Office approved means for staff members to restructure their salary, allowing them to make additional superannuation contributions and to purchase other benefits with pre-tax, rather than with after tax, salary if they wish to do so. Deductions for benefit options are made from gross salary (pre-tax) thus reducing the amount of income that is taxable and the amount of tax payable. This gives staff members the flexibility to "package" their salary in a way that is best suited to their individual needs.

This policy outlines the University's Flexible Salary Packaging arrangements and the benefit options that staff members may include in their remuneration package.

Scope

All staff members employed by the University may enter into Flexible Salary Packaging arrangements. Certain employment arrangements (for example casual and part-time employment) have limited benefit options available for packaging.

References

The University of Sydney Enterprise Agreement 2009-2012

Policy

The University's Flexible Salary Packaging arrangements provide staff with the opportunity to incorporate various Australian Taxation Office approved benefits into their remuneration package, to maximise any available tax concessions and to suit their individual needs.

Guidelines

1. Principles

The following principles form the basis of the Policy:

- Staff participation in the University's Flexible Salary Packaging Scheme is voluntary.
- Each staff member is responsible for obtaining his or her own independent and up to date financial and taxation advice as to the merits or otherwise of participating in the Flexible Salary Packaging arrangements and/or taking up particular benefit options.
- For the majority of staff members, there is no limit on the amount that each staff member may salary

sacrifice. Generally staff members may salary sacrifice up to 100% of their base salary, provided that obligations for making member contributions for superannuation are met. However, for staff members who hold a Temporary Business (Long Stay) Subclass 457 visa there are limits on the amount of salary that can be salary packaged. For further information and salary sacrifice limits for subclass 457 visa holders, please refer to website information on the Living Away from Home Allowance (LAFHA) or contact the University's Immigration and Relocations Team. Staff who wish to use flexible salary packaging to make voluntary pre-tax superannuation contributions should also be aware of the cap on the amount of contributions which attract concessional tax treatment.

- Salary packaging arrangements must comply with relevant taxation legislation and rulings, as varied from time to time.
- All Fringe Benefit Tax (FBT) liabilities and administrative costs associated with salary packaging are to be met by the staff member.
- The University will, at its own discretion, determine which benefits may be salary packaged, and the arrangements that will apply. Only benefit items that attract a tax concession or are FBT exempt, as varied from time to time, will be available for salary packaging. The University will endeavour to provide advance notice of any change to the benefits and arrangements available. Where advance warning may not be possible, for example if there are legislative changes which have immediate or retrospective effect, notification will be sent as soon as practicable.
- The salary level used to calculate termination and severance payments, annual leave loading, overtime and shift premiums, is the salary that would have been payable if the staff member had not entered into a salary packaging arrangement.
- The University bears no liability or responsibility to meet any obligation, financial or otherwise, arising from a staff member's decision regarding participation in any salary packaging arrangements.

2. Available Benefit Options

A range of salary sacrifice benefits and options are available to staff.

Benefits administered in-house and claimed directly through payroll

1. **Additional voluntary member contributions to UniSuper superannuation** or a former State superannuation scheme operated by First State Super.
2. **University car parking** (within the University's eligibility rules)

Benefits claimed through the University's external Salary Packaging Provider

1. Additional voluntary member contributions to superannuation funds other than UniSuper or a former State superannuation scheme operated by First State Super
2. Novated motor vehicles leases arranged through the University's preferred supplier/s
3. Living Away from Home Allowance (LAFHA) eligibility criteria apply
4. Relocation expenses for staff relocating to take up a new appointment at the University
5. Purchase of a laptop computer, PDA, electronic diary and other such electronic devices predominantly used for business purposes

For more details, refer to website information on Salary Packaging administration.

In addition to the benefits which may be salary packaged, staff may also receive a benefit by claiming some items via their tax return (for example Self-Education expenses as approved by the Australian Taxation Office). Staff should seek independent financial advice based on their own personal circumstances.

Procedures

Staff members considering entering into a Flexible Salary Packaging arrangement should refer to the current website information on Salary Packaging.

Benefits administered in-house and claimed directly through payroll

1. **Additional voluntary superannuation contributions** to Unisuper or a former State superannuation scheme operated by First State Super If you wish to make additional voluntary member contributions into your superannuation account please complete the Unisuper Additional Contributions form or State Superannuation Scheme form and forward to the HR Service Centre.

   Information about superannuation and salary packaging is also available directly from staff members' superannuation fund(s) and from the HR Superannuation & Benefits Officers. [Note: casual staff members are only eligible to salary package voluntary superannuation contributions paid into a Unisuper Accumulation Account]

2. University of Sydney staff members may elect to purchase a **University parking permit** by salary sacrifice. The fees incurred on the selected parking permits may be paid for with pre-tax dollars via the University's payroll as a fortnightly deduction.

   See website information to find out more about parking on campus.

Salary deductions for salary packaging benefits that are administered in-house and claimed directly through payroll do not incur an administration fee.

Benefits claimed through the University's *preferred* Salary Packaging Provider

Staff members considering entering into a Flexible Salary Packaging arrangement: - including a novated lease; LAFHA; relocation expenses; laptop or other electronic devices; additional contributions to a superannuation account other than UniSuper or a State scheme; - should refer to the website information on Salary Packaging.

Administration fees are applicable to benefit items that are administered by the University's Salary Packaging Service Provider. Administration fees may also be packaged as a pre-tax deduction.

Administration

1. Authority/consultation

This policy was developed following a review of salary packaging practices in 2008. The draft changes were endorsed by the Senior Executive Group Operating Resources Committee at its meeting on 18 June 2009. It replaces the former policy dated 1 October 2003. The policy was updated in February 2011 to include additional "in-house" benefits options. The provision for staff to salary sacrifice University of Sydney course fees was removed from the policy in December 2012 following government removal of the concessional fringe benefits tax treatment for in house fringe benefits if accessed via a salary sacrifice arrangement.

2. Management Responsibility

Director, Human Resources

3. Implementation Responsibility

Director Remuneration and Human Resources Shared Services

4. Approval

Version 1	01/01/2003
Version 2	06/08/2009
Version 3	11/02/2011
Version 4	11/12/2012

5. Signatures

Approved by:

Name

Professor Ann Brewer

Position

Acting Vice-Chancellor

Date

11 December 2012