

Long Service Leave (LSL) Provision Savings Account

Only available to: Churches of Christ
in Queensland churches/entities



Supporting your Church

- ✓ Savings account for LSL
- ✓ Beneficial for employers and employees
- ✓ Some portability between CofCQ entities
- ✓ Statements issued to employer & employee
- ✓ Funds available at call
- ✓ Direct Debit available
- ✓ No fees or charges

Benefiting the employer:

The LSL Provision Savings Account provides a savings account for long service leave and “long service leave like” obligations. It assists Churches of Christ in Queensland affiliated churches/entities/employers to set funds aside for long service leave obligations for paid employees. The account is held by the employer and designated with the employee’s name, e.g. “Church Name” CofC (“Employee Name” LSL Provision) with the funds available at call for long service leave purposes. This provides employers the ability to readily access funds once the waiting period has passed. Contributing employers (account holders) are sent a reminder to add funds (contributions) once a year.

Benefiting the employee:

The LSL Provision Savings Account has the potential to provide for long service leave even when not eligible under the legislation and protecting employees from burn out. Each church and entity within Churches of Christ in Queensland is deemed a different employer under the legislation. Therefore a minister, chaplain, or employee could work within the organisation for many years and not trigger the payment point for long service leave under the legislation, as they move between areas of the organisation, such as being a minister at a church to a chaplain within the Mission area of Churches of Christ in Queensland. The account will follow with each move the employee makes.

More information detailed below.

As a savings account, it is a convenient way to hold funds for long service leave provision. The long service leave/Australian Tax Office Obligations remain with the employer, e.g. local church

This implies the following:

- The employer is responsible for keeping track of long service leave accrued as part of their payroll system.
- The employer must pay out the leave obligation including pro-rata if an employee leaves their employ after seven years of service with them.
- All payments to be made via the employer (not directly by CDF)
- Long service leave payments are salary payments, including withholding tax, any fringe benefit arrangements and making superannuation payments, if applicable
- Appropriate tax must be withheld by the employer and forwarded to the ATO.

CDF does not have any salary information, tax file numbers or any way to track long service leave accruals for employees. CDF does not have the ability to withhold PAYG tax or issue a PAYG payment summary.

Who is eligible to apply for an account?

Any church, entity or organisation with paid employees affiliated with Churches of Christ in Queensland may apply for an account.

For more information contact us on 1300 659 644

Email: info@cdf.org.au

Office: 41 Brookfield Road Kenmore QLD 4069

Mailing: PO Box 469 Kenmore QLD 4069

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How does an employer open a LSL Provision Savings Account?

For the initial account, by completing a LSL Provision Savings Account Application Form, Authorised Signatories Form and providing identification documentation. Once an employer has a LSL Provision Savings Account, there is a simple form to open an additional account for another employee. Once the documentation has been received and verified by CDF, all that remains is to provide the initial funding of the account. Confirmation of the account opening will be sent to the employer and employee.

What fees apply?

No fees will be charged on a LSL Provision Savings Account.

Interest and statements

Interest is paid at a variable rate in June and December. Statements are issued thereafter to both the employer and the employee.

Contributions

Annual contribution notices will be sent to account holders as a reminder to add funds to the LSL Provision Savings Account. The suggested annual contribution is 1.3 x weekly salary package paid in March. For example, if an employee's total annual salary package is \$52,000, their total weekly salary package is \$1,000 and the suggested annual contribution to their LSL Provision Savings Account is \$1,300.00.

If paid as suggested a LSL Provision Savings Account covers the period from 1 March – 28 February in advance. E.g. a contribution paid in March 2020 would cover 1 March 2020 to 28 February 2021.

How do I add funds to the account?

CDF provides a range of options. You can authorise CDF to process the transfer for you or you can transfer funds electronically or cheque payments will be accepted:

- **Via *Direct Debit:** We can transfer funds from your linked bank account. This option is provided on the account opening and contribution forms or the authorised signatories can provide an instruction. A Direct Debit Request form must be completed for this option.
- **Internet banking:** You can add funds to the account by using your internet banking. Contact our staff for bank details and reference requirements.
- **Post and over-the-counter:** A cheque made payable to *Centenary Development Foundation* can be mailed or delivered in person to the Kenmore Office.

Should a LSL Provision Savings Account be opened for a part-time minister/employee?

Yes. Part-time ministers/employees often serve within Churches of Christ in Queensland for many years and may become full time ministers/employees. Part-time employees also have entitlements for long service leave under the legislation. For these reasons part-time ministers/employees should receive contributions into a LSL Provision Savings Account.

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Is a superannuation component included in contributions?

No. Contribution calculations (which are based on weekly salary packages) should not include superannuation. Funds withdrawn from the LSL Provision Savings Account will likewise not include superannuation. This should be paid by the employer as a normal employment expense. (This treatment of superannuation is due to the common situation of accrued long service leave being paid out on termination of employment – no superannuation applies in this case).

Is this account taxable?

Interest is reported to the ATO. If the employer is tax exempt, which is often the case with Churches of Christ in Queensland employers, there is no tax on the interest earned. Tax must be withheld from funds paid to employees for long service leave or long service like leave as these payments are treated the same as salary payments.

Does the account transfer from one Churches of Christ in Queensland church/employer to another?

Yes. The account can only be transferred to another Church of Christ in Queensland employer/church/entity for the named employee's long service leave provision.

When an account is transferred to a new CofCQ employer, the balance at transfer:

- when the 7 year waiting period has been served, is available for long service like leave payments. These funds cannot be used for the new account holder's long service leave obligation.
- if the employee terminates employment with their final CofCQ employer before the 7 year waiting period is over, these funds will be refunded proportionately to all contributing employers.

How do I access the funds when the employee takes long service leave?

Funds are available for withdrawal for long service leave or long service like leave payments after the minister/employee has served seven years or more (waiting period) from the *commencement date within Churches of Christ in Queensland entity/ies regardless of the number of employers who have held the account. A small balance must be maintained to keep the account open. To make the withdrawal, complete and return a Withdrawal Request for Long Service Leave Form, which is available on the website (www.cdf.org.au) or by contacting CDF.

- Post, fax or email as an attachment a completed and signed Withdrawal Request for Long Service Leave form.
- Please send your instructions two weeks before the employee takes leave. This will ensure funds are returned to you promptly giving you time to process the salary payment.
- If necessary, payments can be processed as overnight transfers.
- Instructions will be verified and authorised signatories will be confirmed before actioning.

Why the seven year waiting period?

As the account is a provision for long service leave, seven years of service is the trigger point for pro-rata long service leave under the legislation in Queensland - i.e. no entitlement before completing seven years of paid employment.

What happens if there are not enough funds in the account?

CDF provides a suggested rate and reminders that contributions are due but does not ensure employers are covering their long service leave obligation for employees. If there are not enough funds in the account, it is the employer's responsibility to cover the difference.

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What happens to any funds in excess of LSL obligations/requirements?

Once the seven year waiting period has passed, any funds in excess of LSL obligations should be passed on to the employee at some stage as a future long service leave or long service like leave payment, or on termination of employment.

What happens when an employee/minister is finishing employment with a Churches of Christ in Queensland church/employer?

- As soon as an employee has a termination of employment date, a Notification of Termination of Employment Form must be completed and returned to CDF.
- If the employee/minister has served with the same employer for seven years or more, then long service leave must be paid out on termination of employment - this includes pro-rata long service leave. The completed and returned Notification of Termination of Employment Form will enable the funds to be released from the LSL Provision Savings Account to assist in this payment.
- If the employee/minister is continuing employment with another Churches of Christ in Queensland entity, an Account Transfer to New CofCQ Employer Form should also be completed to facilitate the account transfer to the new employer. This includes any balance remaining after the long service leave obligation is met, if applicable.
- If the minister/employee is looking for further employment with another CofCQ entity, then a six-month grace period may apply. If employment is found an Account Transfer to New CofCQ Employer Form is to be completed. If no employment is found by the end of the grace period the account will need to be closed. See the point below.
- If the employee has finished employment with Churches of Christ in Queensland the account will need to be closed. If the minister/employee has not served seven years (waiting period) at their termination date, then the funds will be refunded to all employers who contributed proportionately. If the minister has exceeded seven years of service, the funds are to be paid out as a salary payment to the minister/employee as soon as possible via the employer holding the LSL Provision Savings Account. The grace period is not taken into consideration when calculating the years of service.

Cashing out

Under Queensland legislation, cashing out long service leave – taking pay in lieu of leave – is only available in some circumstances by applying to the Queensland Industrial Relations Commission (QIRC).

Moving interstate

As a LSL Provision Savings Account can only be held by a Queensland-based employer affiliated with Churches of Christ in Queensland, the account must be closed when a minister moves interstate. A Notification of Termination of Employment Form can be found on the website or by contacting CDF.

When can employers claim a refund of contributions?

If an employee leaves employment with no intention of seeking new employment within Churches of Christ in Queensland, and before their seven-year waiting period has been completed, employers may claim a refund of contributions. Contributions are refunded after calculating interest earned. The account will be closed and the balance refunded to all employers who contributed proportionately. It is the responsibility of account holders (contributing employers) to notify CDF as soon as an employee has a termination of employment date. This will initiate the refund process. An employee may ask for the six-month grace period to find other work within the

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organisation, but this grace period does not count when calculating the seven-year waiting period, if employment is not found. If other employment is commenced within Churches of Christ in Queensland, the account will be transferred to the new employer.

For example, if an employee begins employment on 1/1/2018 and finishes employment on 31/12/2024 and does not go on to other employment within Churches of Christ, the contributing employer/s is eligible to claim a refund of contributions. Please note the grace period.

Definitions:

*** Commencement date:** is the date the employee commenced employment with their first Church of Christ in Queensland employer/church/entity, without any subsequent interruption in service. Any interruption in service for whatever reason other than a grace period, will automatically mean commencement date will restart from the date employment commences with a new employer after interruption of service. Thereafter, a new waiting period will also begin again.

Long Service Leave: means long service leave entitlements as per the applicable Queensland legislation and any applicable industrial agreement.

Long Service Leave Like: implies long service leave for employees who have worked over seven (7) years with multiple Church of Christ in Queensland employers but not with the same employer for seven (7) or more continuous years. This means they do not qualify for long service leave under the legislation. As their multiple employers have placed funds in the CDF LSL Provision Savings Account, these funds if available in the account can be used for long service leave like payments.

Termination Date: is the date the employee finishes employment after continuous services with one or more Church of Christ in Queensland employers/churches/entities.

Waiting Period: is seven (7) years from the Commencement Date.

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Please note

***Office Hours:** The CDF office is open Monday to Friday, 8.30am to 4.00pm and observes Brisbane, Queensland and Australian public holidays. Phone calls, emails and CDF initiated fund transfers will only be responded to or occur on business days

Transfer Instructions: Will only be actioned after verifying the request meets the authorised signatory instructions on file such as checking the signature/s, phone passwords or email addresses. Requests for same day funds transfers received after 3pm will occur the following business day.

***Linked accounts:** We can link your CDF investment to an appropriate existing bank savings or cheque account with written instructions for withdrawals or by completing a Direct Debit Request (DDR) form to enable transfers to and from your CDF investment and the external bank account.

***A Direct Debit Request (DDR) form:** must be completed before CDF can transfer funds from a bank account.

A Ministry of Churches of Christ in Queensland

All investments will be administered by Centenary Development Foundation (CDF) which operates as a ministry of Churches of Christ in Queensland (ABN 28953930342) of 41 Brookfield Road, Kenmore, QLD 4069. Churches of Christ in Queensland (ARBN 147481436) is a body corporate pursuant to the grant of letters patent issued under the Religious, Educational and Charitable Institutions Acts 1861 to 1959 (QLD).

CDF is a religious charitable development fund that operates under an exemption to the Banking Act 1959 (for current exemption see the Australian Prudential Regulation Authority (APRA) website: www.apra.gov.au).

This scheme has not been examined or approved by ASIC and investments in the fund are intended to be a means for investors to support the charitable work of Churches of Christ in Queensland, and for whom the considerations of profit are not of primary relevance in their investment decisions. Furthermore, neither Churches of Christ in Queensland nor Centenary Development Foundation are prudentially supervised by the Australian Prudential Regulation Authority (APRA). An investor in the fund will not receive the benefit of the Financial Claims Scheme nor the depositor protection provisions of the Banking Act 1959.

Investments are not specifically secured but repayment is underwritten by the overall funds & assets of Churches of Christ in Queensland.

Churches of Christ in Queensland is not licensed to provide financial product advice in relation to investments mentioned in this flyer. This flyer contains factual information about the availability of CDF products. It is not intended to provide any legal, accounting or other advice to potential investors but, to the extent that it does, such advice is general advice only and has not taken into account the potential investor's specific relevant personal circumstances, including their objectives, financial situation or needs. Each investor should seek independent advice relating to their circumstances. CDF does not accept responsibility for any loss or damage caused to anyone who relies on the information in this flyer.

No cooling-off period applies to the issue of the investments mentioned within this flyer. Churches of Christ in Queensland, CDF undertakes to repay investments upon request, subject to our Terms and Conditions.

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