

LSL Provision Savings

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

| Features | |
|--|--|
| Savings investment for Long Service Leave (LSL) | Some portability between CofCQ entities |
| Beneficial for employers and employees | Statements issued to employer & employee |
| Funds available at call, after the ^waiting period | Add funds at any time: internet banking, direct debit, cheque |

Benefiting the employer

The Churches of Christ Foundation's (the Foundation) LSL Provision Savings investment provides an easy means of saving for long service leave and 'long service like leave'. It assists Churches of Christ in Queensland (CofCQ) affiliated churches/entities/employers to set funds aside for long service leave obligations for paid employees. The investment 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 for this employee after the ^waiting period has been served. Contributing employers (investment holders) are sent a reminder to add funds (contributions) once a year. By making the annual contribution, employers gradually set aside funds which could otherwise be a burden if needed to be found as a lump sum payment to meet their LSL obligation.

Benefiting the employee:

The LSL Provision Savings investment has the potential to provide for leave similar to long service leave ('long service like leave) even when an employee is not eligible under the legislation- thereby 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 our organisation for many years and not trigger the payment point for long service leave under the legislation. This occurs when they move between the churches and/or CofCQ Kenmore Campus, such as being a minister at a church, to a chaplain with Churches of Christ Care. The investment will follow with each move the employee makes.

More information detailed below.

This investment provides a convenient avenue to hold funds for long service leave provision. The long service leave/Australian taxation 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 their LSL obligation, including pro-rata, if an employee leaves their employ after seven years or more of paid employment.
- All payments to be made via the employer - not directly by the Foundation.
- 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.

LSL Provision Savings Investment Information Sheet



The Foundation does not collect or maintain any salary information including tax file numbers, nor has any means to track long service leave accruals for employees. The Foundation does not have the ability to withhold PAYG tax nor issue a PAYG payment summary.

Who is eligible to apply for an LSL Provision Savings investment?

Any church, entity or organisation with paid (full time, part-time, casual) employees affiliated with Churches of Christ in Queensland may apply.

How does an employer open an LSL Provision Savings investment?

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

What fees apply?

No fees will be charged.

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 investment holders, as a reminder to add funds to their LSL Provision Savings investment/s. 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 investment is \$1,300.00.

If paid as suggested, the annual contribution covers the period from 1 March – 28 February in advance. E.g. a contribution paid in March 2022 would cover 1 March 2022 to 28 February 2023.

How do I add funds to the investment?

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

Direct debit: The investment holder may opt for the Foundation to direct debit their nominated #linked bank account to add funds to their LSL Provision Savings investments for their employees. When ^instructions are received before 3pm, the transfer will occur overnight. After 3pm the transfer will occur the next business day. An investor may nominate any future †date for the transfer to occur. A completed Direct Debit Request form must be provided to the Foundation for Direct Debit.

Email: Transfer ^instructions may be given in an email when the investor has a nominated #linked bank account with a completed Direct Debit request form, and the authority for this method is acceptable as per the authorised signing arrangements. The investment holder may opt to send a signed instruction as an attachment to an email.

LSL Provision Savings Investment Information Sheet



Internet banking: The investment holder can transfer funds into the LSL Provision Savings investments for their employees by using their internet banking. Our staff will provide bank details and reference requirements, upon request from the investment holder.

Post and in person: A completed annual contribution notice or signed written instruction can be posted, or delivered in person to the Kenmore office. Enclosed cheques are to be made payable to 'Churches of Christ in Queensland'.

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

Yes. Part-time ministers/employees often serve within CofCQ 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 an LSL Provision Savings investment.

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 investment 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. See the CofCQ: Ministers Appointment and Employment Guide available by contacting the Church Hotline on 1800 193 438 or churchsupprt@cofcqld.com.au

Is this investment taxable?

Interest is reported to the ATO. If the employer is tax exempt, which is often the case with CofCQ 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. See the CofCQ: Ministers Appointment and Employment Guide available by contacting the Church Hotline on 1800 193 438 or churchsupprt@cofcqld.com.au

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

Yes. The investment can only be transferred to another CofCQ employer/church/entity for the named employee's long service leave provision.

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

- will be less any pro-rata or full LSL obligation, if the employee has worked for 7 or more continuous years of service with the same employer at termination of employment. If the employer hasn't contributed sufficient funds to cover their obligation, they will need to make up the difference. The Notice of Termination of Employment form must be completed to enable funds to be returned to the employer, to assist them in meeting their obligation. The funds remaining in the investment constitute 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 investment holder's long service leave obligation.

LSL Provision Savings Investment Information Sheet



- if the employee terminates employment with their final CofCQ employer before the 7 year ^waiting period has been served, will be refunded proportionately to all contributing employers.

Why the seven-year waiting period?

As the investment 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 under the legislation before completing seven years of continuous paid employment with the one employer.

As the LSL Provision Savings investment offers some portability, the funds will be released upon successful application after the 7-year ^waiting period concludes.

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 of employment with their first Churches of Christ in Queensland entity, regardless of the number of employers who have held the investment. A small balance must be maintained to keep the investment open. The application for leave is subject to the normal approval process between the employee and employer.

To make the withdrawal, complete and return a Withdrawal Request for Long Service Leave Form or Withdrawal Request for Long Service Like Leave, which is available on the website (www.cofc.com.au/Foundation) or by contacting us by email or phone.

- Post or email as an attachment a completed and signed Withdrawal Request form/s. The funds will be transferred to the employer's linked bank account.
- Please send your instructions two weeks before the employee is to commence 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.

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

The Foundation 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 investment, it is the employer's responsibility to cover the difference.

What happens to any funds in excess of the 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.

LSL Provision Savings Investment Information Sheet



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 Notice of Termination of Employment Form must be completed and returned to the Foundation.
- 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 Notice of Termination of Employment Form will enable the funds to be released from the LSL Provision Savings investment to assist in this payment.
- If the employee/minister is continuing employment with another Churches of Christ in Queensland entity, an Investment Transfer to New CofCQ Employer Form should also be completed to facilitate the transfer of the investment to the new employer. The balance at transfer will consist of funds 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 Investment Transfer to New CofCQ Employer Form is to be completed. If no employment is found by the end of the grace period the investment will need to be closed. See the point below.
- If the minister/employee is finishing employment and not commencing employment with a new CofCQ entity the investment will need to be closed. If the minister/employee has not served the seven years ^waiting period at their termination date, then the funds will be refunded to all employers who contributed proportionately. If the minister has qualified for the seven years' ^waiting period, the funds are to be paid out as a salary payment to the minister/employee as leave prior to termination or as part of the termination payment, or as soon as possible after the grace period via the employer holding the LSL Provision Savings investment. The grace period is not taken into consideration when calculating the years of service.

Cashing out

There is no provision for cashing out of LSL (no taking pay in lieu of leave). See the CofCQ: Ministers Appointment and Employment Guide available by contacting the Church Hotline on 1800 193 438 or churchsupprt@cofcqld.com.au

Moving interstate

As an LSL Provision Savings investment can only be held by a Queensland-based employer affiliated with Churches of Christ in Queensland, the investment must be closed when a minister/employee moves to an employer that is not affiliated with CofCQ regardless of the state. A Notice of Termination of Employment Form can be found on the website or by contacting us.

LSL Provision Savings Investment Information Sheet



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 investment will be closed and the balance refunded proportionately to all employers who contributed. It is the responsibility of investment holders (contributing employers) to notify the Foundation 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 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 CofCQ, the investment will be transferred to the new employer.

For example, if an employee begins employment on 1/1/2022 and finishes employment on 31/12/2028 and does not go on to other employment within Churches of Christ in Queensland, the contributing employer/s is eligible to claim a refund of contributions. Please note the grace period.

Early access to funds from the investment

There is no early access to funds prior to the conclusion of the seven-year waiting period.

More information, interest rates and forms: are available by contacting the office or on the website: cofc.com.au/Foundation.

We would love to hear from you!

FOR MORE INFORMATION CONTACT US ON 1300 659 644

LSL Provision Savings Investment Information Sheet



Definitions:

***Commencement date:** is the date the employee commenced employment with their first Churches 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. Kindly note, for employees whose investments transferred from MEBS to CDF (now the Foundation), their first employer may have been anywhere in Australia. Commencement dates for these employees was provided at investment opening and can be requested from the Foundation.

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

#Long Service Like Leave: implies leave like that of long service leave for employees who have worked seven (7) years or more 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 LSL Provision Savings investment, these funds can be used for long service like leave payments.

Termination Date: is the date the employee finishes employment after continuous service with a Churches of Christ in Queensland employer/church/entity.

^Waiting Period: is seven (7) years from the Commencement Date. At termination of employment, the grace period does not count when calculating the seven-year waiting period, if employment with another CofCQ employer is not found within the 6 months.

Grace Period: At termination of employment when the employee is seeking employment with another CofCQ employer, the employee can opt to take 6 months to find said employment from the date of termination of employment.

LSL Provision Savings Investment Information Sheet



Please note-

***Office Hours:** The Foundation office is open Monday to Friday, 8.30am to 4pm and observes Brisbane, Queensland and Australian public holidays. Phone calls, emails and the Foundation initiated funds transfers will only be responded to or occur on business days.

^ Instructions: will only be actioned after verifying the request is in accordance with the signing arrangements on file such as checking the signature/s, phone password/s or email address/es.

#Linked bank accounts: We can link a Foundation investment to an investor's bank savings or cheque account with a signed written letter/instruction with the bank details for withdrawals only, or by completing a *Direct Debit Request (DDR) form to enable transfers to and from the Foundation investment and the external bank account. Linked bank accounts must be in the investor's name.

***Direct Debit Request (DDR) form:** must be completed before the Foundation can transfer funds from a bank account (including Easy Save).

§Early withdrawal of funds: not available.

A Ministry of Churches of Christ in Queensland

All investments will be administered by Churches of Christ Foundation (the Foundation) 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).

The Foundation 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 Churches of Christ 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 document. This document contains factual information about the availability of the Foundation's 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. The Foundation does not accept responsibility for any loss or damage caused to anyone who relies on the information in this document.

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