Quick Guide ADF Payslips





open to all who serve and support

Introduction

Not all payslips will be exactly the same and may have different combinations of the following information. This guide will explain ADF and ADF Reserve payslips and how we use them in our assessment.

References

Credit Underwriting Standards

If you have any questions please contact your Broker Support Manager or email <u>brokers@australianmilitarybank.com.au</u>

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ADF Payslip Overview

a) Details:

Australian Defence Organisation ABN 68706814312



Pav Period	:02/03/2023 - 15/03/2023
Payment Date	:16/03/2023
Pay Centre	:8002
Employee ID	:
Rank / Name	:CPL/
Unit/Dept/Location	:101418/BG Jt Fires Effect Cell-105Bty/Enogg
Skill Grade	:255-2 Joint Fire Obs
Service Category	:Service Category 7
Service Option	:Not Applicable
Job Description	:Arty Observer
Pay Grade /Incr	:Gen OR 4/E05/2
Annual Salary	:\$87,785.00
Categorisation	:Without Dependants

- 1. Member Name make sure the payslip matches as per your application.
- 2. **Pay period** make sure the payslip is up to date and is the most recent held.
- 3. Employee details check to see that all details align with you applicant(s), some key points to note are:
 - Employee ID = PM keys number
 - Rank / Name
 - Unit / Dept / Location
 - Service Category
 - Service Category 7 = Full-time (FT)
 - Service Category 3-6 = Part-time (PT) and annual income will be incorrect > refer to the income section of the payslip, this is worked out by the multiplying the normal PT hours allocated by the hourly rate and annualised
- 4. Annual Salary This figure is used as part of your annual income amount for FT ADF employees
- 5. Categorisation the current <u>categories</u> are:

Categorisation	Summary
Without Dependants (MWOD)	A Member Without Dependents are those that do not have any family members recognised as dependents by the ADF.
	Member could be MWOD if the member:
	 Has a child who doesn't live with the member Have a partner but bayen't applied to get the relationship
	recognised
With Dependents (MWD)	A Member with Dependents usually lives with family members recognised as dependents.
	Member could be MWD if they live in their posting location with:
	- Their partner
	- Their children
	 An adult recognised as a dependent
	A member may have a dependent who doesn't live with them. If it's for medical or educational reasons the member can still be considered MWD.



With	An MWD(U) lives away from their recognised dependents.
Dependents	
Unaccompani ed (MWD(U))	A member could be MWD(U) if they live with dependents and then move apart. This is usually for Service or personal reasons.
	A member needs to apply to become an MWD(U) each time they are posted.
	MWD(U) benefits: <u>https://pay-conditions.defence.gov.au/benefits-</u> while-youre-mwdu



b) Income:

Pay Summary								
	GROSS	TAXABLE	TAXES	DEDU	CTIONS	NET PAY		
Current	3979.27	2979.27	602.00		480.70	2896.57		
FYTD	15917.09	11917.09	2408.00	1	922.80	11586.29		
		Earnings						
Description	Date From	Rate	Units	Current	Prior	Total Earnings		
Military Salary		22.076370	112.00	2472.55		2472.55		
Rent Allowance	25/02/2022			1000.00		1000.00		
CD Trainee Annual	04/06/2021	4.524315	112.00	506.72		506.72		
Total						3979.27		

- 6. Salary including Recreational & Medical Leave etc
 - For Full-time we use the annual salary as per point 4, so salary and leave payments are not utilised from this section of the payslip
 - For Part-time as per service category 3-6 in point 3, you work this out at the hourly rates as per their regular hours worked to start your overall payslip assessment.
- Rent allowance you will see this when an ADF employee is renting privately & may not always be applicable, eg for a home buyer, DHA/Service residence or living on Barracks – refer to point 14 prior to completing assessment where this is present
- 8. Other allowances Permanent Allowances are acceptable.

The link below is an outline of the Defence Pay and Conditions Manual. We may accept allowances that are proven to be ongoing with satisfactory mitigations accepted at the discretion of the credit assessor. If in doubt, please contact Broker Support Manager or email <u>brokers@australianmilitarybank.com.au</u>

Any ongoing evidence or letters required should be provided by a Members Chain of Command – Major or Warrant Officer and above.

ADF Pay and Conditions Manual PACMAN | Pay and Conditions (defence.gov.au)



c) Taxes:

Example 1: Lease + Service accommodation

		Taxes				
Description Marginal Tax Total		Ύe	ear To Date 3742.00 3742.00	Current 936.00	Prior	Total 936.00 936.00
		Tax Exemption				
Description	Date From	Date To				
		Before-Tax Deductions	3			
Description	Date From	Remaining Balance Ye	ar To Date	Current	Prior	Total
Flexible Rem Pkg Pre-Tax Total	21/08/2019		1772.39 1772.39	441.44		441.44 441.44
		After-Tax Deductions				
Description	Date From	Remaining Balance Ye	ar To Date	Current	Prior	Total
MSBS Member Contribution	10/08/2017		821.44	205.36		205.36
Service Residence Contribution	10/08/2017		2495.84	623.96		623.96
Flexible Rem Pkg Post-Tax	21/08/2019		572.04	143.01		143.01
Total			3975.32			993.83
Example 2: Rent contribu	Jtion					
		After-Tax Deductions	ר			
Description	Date From	Remaining Balance Y	ear To Date	Current	Prior	Total
Rent Contribution	17/10/2018	•	17099.76	725.37		725.37
Total			17099.76			725.37
Example 3: Living in barr	acks					
		After-Tax Deductions				
Description	Data Pro-	Bemaining Balance V	Dar To Data	Current	Drior	Total
Living In Accomm Contribution	20/12/2019	Remaining Barance I	856.88	214.22	PIIOI	214.22
Living In Utilities Charges	20/12/2019		195.48	48.87		48.87
Employee Superannuation				17423 (2017) 1753 (2017)		
			280.00	70.00		70.00
Total			280.00	70.00		70.00 333.09

- 9. Before tax deduction, or Salary Sacrifice, multiply the fortnightly amount x 26 and deduct from the annual gross income. Some examples you may see here are:
 - Flexible Rem Pkg –also known as a lease and used in assessment.
 - Voluntary Superannuation contributions
 - For these you would need to have a conversation with the member in every instance to determine what it is. If, for example, servicing is tight they can reduce or stop a deduction if it is for a discretionary item such as super.
- 10. After Tax Deductions: these are generally expenses, and all are calculated to a monthly figure. Some examples as follows:
- 11. Superannuation DFRDB/MSBS contribution is included in expenses in assessment. For MSBS this is written in their employment contract as minimum of 5%, for contributions over this %, applicants may be able to reduce their contribution amount back to 5% depending upon their servicing capacity. Where you see Employee Superannuation (ADF Super) that is voluntary and can be stopped by the individual. If changing the amount or not using this newer superannuation in your assessment this should be noted within assessment notes. Where No Superannuation Contribution is detailed in either Employer / Employee are listed This means the member has made maximum contributions to their DFRDB/MSBS Fund and no further contribution is permitted/required.
- 12. Service Residence (various deductions) included in expenses when living in ADF



residence.

- 13. Flexible Rem Pkg most common is a lease included as an ongoing liability.
- 14. Rent contribution
 - Where there is Rent allowance > you minus the fortnightly rental contribution from the fortnightly allowance and annualise the figure this is then added to the income as a separate income listing.
 - If there is only a rent contribution shown, then this is an expense in your calculations.
 - If there is only a rent allowance, then this is annualised & added to their annual income as a separate income listing.
 - * Remember to still put the ACTUAL rent paid in the rent/mortgage expenses section.
- 15. Living In (various deductions) add together and multiply x 26, then divide by 12 for monthly expense amount.

*For owner occupied purchase applications rental income, rental contributions and living in will cease accordingly

Other known after-tax deductions include:

Other after- tax deductions	Comments
Bond advance recover – Expense Rent Allowance Adv recovery – expense RAN Relief Trust fund – liability Overpayment – Expense	Used in assessment as expense/liability depending on amount outstanding – if not using in liabilities you need to note in assessment notes why not eg, member will be paying out prior to next pay/before this loan is funded. Amount owing can be found in the Remaining Balance column next to the description.
Debt Recovery – Expense	
HECS/HELP – expense	This is already calculated on ADF payslips and is an expense For non-ADF we can cross check the ATO website to determine % payable as an expense: <u>https://www.ato.gov.au/Rates/HELP,-</u> <u>TSL-and-SFSS- repayment-thresholds-and- rates/#HELPandTSLrepaymentthresholdsandrates201</u>



d) Super, Entitlements, Disbursement Details:

	Employer Super	Contributions (Not included in net p	ay}		
Description	Date From	Year To Date	Current	Prior	Total
Productivity Supr Contribution	10/08/2017	90.89	90.89		90.89
Total		90.89			90.89
		Absence Balances			
Description					End Balance
Total Recr Leave Entitlement				284.89 Hours	(35.61 days)
Long Service Leave Entitlement				1 Mc	onth 23 Days
		Disbursement Details			
Bank	BSB	Account #			Amount
Commonwealth Bank of Australia	062-815				2458.12
Australian Military Bank Ltd	642-170				50.00
Total					2508.12

- 16. Super Deductions This is employer super contributions and not used within assessment.
- 17. Absence Balance summary of leave entitlements
- Disbursement Details ensure that you can see the pay deposit account here. You
 may find other accounts which all statements should be cross checked for expenses
 with detailed notes to be made within assessment notes. (AMB account statements
 are not required within supporting documents)

***** End Of Payslip *****

Other references are:

How Defence pay is worked out. How your pay is worked out | Pay and Conditions (defence.gov.au)

Table of Salaries and Allowances. 221026- WRA Paysheets- COL and Below – 3%- FINAL.xlsx (defence.gov.au)

Tax Alerts Tax alerts | Pay and Conditions (defence.gov.au)



ADF Reserve Payslip Overview



- 1. Member details make sure that these are your applicant details.
- 2. Pay period check the pay period and will also impact how you viewpoint 6
- 3. Employee Details as per the ADF payslip point 3.
- 4. Daily/Hourly Rate The daily rate is used in assessment for annual income.
- 5. **Categorisation** as per the ADF payslip point 5.
- 6. Training Day Balance:
 - Allocation (Days) multiply this by the daily rate for your annual income.
 - Days Paid FYTD number of their allocated days they have attended.
 - Balance (Days) remaining days required as per their allocation.

Depending upon the pay period date the days paid, and balance outstanding should be cross checked to ensure they are completing their allocated days YTD. For example, If the pay period is the end May and they still have 60 days outstanding, you would ask your member more questions about this for your assessment notes, amend your income amount used accordingly. In the event there are anomalies, it is recommended to back your application with PAYG summaries to confirm completed no. of day's allocated year on year or providing a letter from Chain of Command detailing any upcoming commitment for outstanding days allocated (Major/Warrant Officer and Above)

7. Disbursement Details – as per the ADF payslip point 18.



- 8. Reserve Service Allowance & Attendance Pay This is not common practice to be used within assessment but may be considered on a case-by-case basis, please seek clarification from Broker Support Manager. To calculate this, the daily rate is the amount in the rate section and multiplied by the number of allocated days, taking into mind the example in point 6. If being used as part of assessment, please ensure you detail within assessment notes.
- 9. Where a member is CFTS (Continuous Full Time Service), this is to be treated as employment under a fixed term contract where suitable mitigation must be documented on the assessment notes.



Quick Guide ADF Payslips

Australian Defence Organisation Payslip Overview (Public Servant)

The Australian Defence Organisation employ Public Servants who work alongside the ADF, these payslips are very similar to an ADF payslip that we have covered.

		Pay Perio Payment I	od 06/09 Date 20/09	2/2020 to 19/08/2020 2/2020	
Australian Defence ABN 68706814312	Organisation	Employee AGS Numbe Employee Departmer Location Job Title Pay Centr Annual Se	ID 86292 sr 85571 Name Genye it 11790 Potts Admir e Admir e 03104 ilary \$115,	58 741 se Fry 5 - Dir Navy Traini Point NSW istration Manager E 005.00	ng L1
	GROSS	Pay Summary TAXABLE	TAXES	DEDUCTIONS	NET PAY
Current FYTD	4409.14 17195.63	4087.63 15909.59	1420.00 5440.00	321.51 1286.04	2667.63 10469.59

- 1. Pay period make sure the payslip is up to date.
- 2. Employee details check to see that all aligns with your applicant, some key points are:
 - Employee Name
 - Department
 - Job title
- 3. Annual Salary This figure is used as part of your annual income amount.
- 4. Pay summary summary of current and year to date earnings





- 5. Hours and Earnings is this in line with full time hours? If not, evidence of the consistent part-time hours will be required with YTD earnings calculated accordingly.
- 6. **Taxes** while these are primarily the normal taxes you may on occasion see the HELP/HECS amount here. HELP/HECS is considered an expense and should be used in your assessment as such
- 7. Before Tax Deductions, or often Salary Sacrifice, multiply the fortnightly amount x 26 and deduct from the annual income. Some examples you may see here are:
 - Flexible Rem Pkg –also known as a lease and used within assessment.
 - Voluntary Superannuation

contributions

• Purchase of leave – unlike the lease or voluntary superannuation, we would include this as a monthly expense/non-debt recovery item as is not always an annual ongoing expense.

For these you would need to have a conversation with the member in every instance to determine what it is. If, for example servicing is tight they can reduce or stop a deduction if it is for a discretionary item such as super or additional leave. This would be noted in the assessment notes and evidence required (eg: next payslip showing the reduced/ stopped deduction)

- 8. After Tax Deductions, these are either expenses or liabilities similar to the ADF payslip
- Super Deductions This is employer super contributions and not used within assessment.
- 10. Absence Balance summary of leave entitlements
- 11. Disbursement Details ensure that you can see the pay deposit account here. You may find other accounts which all statements should be cross checked for expenses with detailed notes to be made within assessment notes. (AMB account statements are not required within supporting documents)

