



## **STUDENT LOAN CONTRIBUTION IN LIEU OF SUPERANNUATION**

### ***A Guide for Women's Reps, Bargaining Teams and Advocates***

#### **INTRODUCTION TO CLAIM**

This Claim provides an alternative for the employer contribution to a superannuation scheme. It provides for an equivalent superannuation payment to be made to an employee's existing student loan, where an employee has not taken up a superannuation option.

It is recommended that this be negotiated as a member-only benefit.

#### **BACKGROUND INFORMATION TO CLAIM**

This Claim is already a provision in the Collective Agreement for TEU members at the NZ Council for Educational Research. It was introduced as an equity measure to ensure all staff had access to an employer superannuation contribution or equivalent.

#### **APPLICABILITY**

This Claim could easily be negotiated as a member-only benefit.

#### **WORDING OF CLAIM**

##### **Student Loan Allowance**

Employees with existing student loans, who have not elected the superannuation option, may choose to receive a Student Loan Allowance instead.

The Student Loan Allowance will operate on the same principle as the superannuation scheme in that the employee will be entitled to an employer contribution of (insert applicable amount e.g. \$1.50 (one dollar fifty cents) for each dollar invested by the employee).

## **ALTERNATIVE WORDING**

### **Student Loan Allowance**

Employees with existing student loans, who have not elected the superannuation option, may choose to receive a Student Loan Allowance instead.

The Student Loan Allowance will operate on the same principle as the superannuation scheme in that the employee will be entitled to an employer contribution not exceeding the employer contribution to the superannuation scheme.

## **NOTES FOR NEGOTIATION**

Many younger (or not so young) members with a Student Loan debt do not take up the option of superannuation as they are unable to pay both the individual superannuation contribution as well as meet their Student Loan Repayments.

While this is very understandable, it means these members forfeit the opportunity of the employer contribution to their salary, often for a number of years.

Potentially there is an equity issue. While this would apply to both women and men, it can be viewed as a gender equity issue as women typically earn less and take longer to pay back their student loan. It can be used to attract young women graduates.

It is perhaps a claim that may be able to be negotiated even where other claims may not be able to be achieved as it is an alternative to existing arrangements.

It is not an 'increased cost' to employers, as at any time an employee could take up a superannuation option, so they probably include the potential costs in their budgets.

There are no substantial administrative costs – only those that would apply if an employee opted for a superannuation scheme.

## **BENEFITS TO EMPLOYERS**

This would be attractive to talented people employers may wish to appoint who have a student loan, especially younger graduates.

## **ISSUES TO BE CONSIDERED**

Depending on the 'Superannuation' Clause in the existing CA, wording may need to be changed e.g. to reflect whether the employer funds the government superannuation scheme, Kiwisaver etc. or has any special arrangements (such as a maximum contribution)

The provision requires that there is an existing student loan and this is an alternative to the superannuation payment.

### **SETTLEMENTS ALREADY MADE**

As noted above, it is already part of the NZCER CA.

### **FEEDBACK**

Whenever this Claim is submitted for negotiation, we would appreciate feedback – whether it was able to be achieved, any modifications which may have been negotiated, any additional information and/or arguments which could usefully be added to the document. Thank you.

## **APPENDIX ONE**

### **NZCER CA Clause**

#### **Student Loan Allowance**

Employees with existing student loans, who have not elected the superannuation option, may choose to receive a Student Loan Allowance instead. The Student Loan Allowance will operate on the same principle as the superannuation scheme in that the employee will be entitled to an employer contribution of \$1.50 (one dollar fifty cents) for each dollar invested by the employee, up to an annual maximum of \$5,000.00 (five thousand dollars) for the employer's contribution in 2013-2015.