FACT SHEET

Employer Superannuation Responsibilities

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Superannuation Guarantee (SG)

The Superannuation Guarantee (SG) provides for a level of employer sponsored superannuation support for employees through regular contributions into a complying superannuation fund. These benefits must be fully vested in the member and are preserved until the member satisfies a condition of release.

Under the SG your employer is obligated to contribute a percentage of your wage/salary (Ordinary Time Earnings) up to a maximum contribution income base (see table on 'Super Guarantee' Factsheet) to a regulated superannuation fund or Retirement Savings Account (RSA). The maximum annual SG payment employers can make is equivalent to the concessional contribution cap, currently $25,000.

Employers have to provide a minimum level of support for all employees except:

- employees who are paid less than $450 (before tax) in the calendar month;
- employees under 18 years of age who are working for 30 hours or less per week;
- certain employees in their capacity as members of the Defence Reserve Forces;
- non-resident employees who are paid solely for work undertaken outside Australia;
- resident employees who are employed by non-resident employers and are paid solely for work undertaken outside Australia;
- certain overseas executives working in Australia;
- employees paid for work of a domestic nature of 30 hours or less in a week;
- employees receiving payments under the Community Development Employment Program;
- employees who chose not to receive employer contributions prior to the abolition of the Reasonable Benefit Limits; and
- employees temporarily working in Australia who are covered by a bilateral superannuation agreement.

Note: Payments not considered Ordinary Time Earnings, for example, overtime, are not used in determining the SG benefit.

Penalties exist for employers who do not comply with SG requirements. This is called the Superannuation Guarantee Charge (SGC). Employers who do not contribute the SG voluntarily are charged the amount of the contributions but will not receive any offsetting tax deduction. Penalty interest and administration fees also apply.

Superannuation Choice

Since 1 July 2005 you can request your employer to make the required employer superannuation contributions to a fund of your choice, unless you are an employee excluded from superannuation choice obligations. See section Employees Excluded from Choice.

Employers are required to provide you with a Standard Choice Form for you to nominate your fund choice which also explains issues you should consider before exercising choice. However you do not have to use this form. You can supply the information about your chosen fund in another written document. Where you do not exercise a choice the employer can continue to contribute to the fund currently being used or to their default fund. The employer is only obliged to accept one nomination in a 12 month period.

MySuper

MySuper are low cost superannuation accounts introduced from 1 July 2013 that replaced the previous default superannuation accounts. From 1 July 2014 if an employee does not nominate a superannuation fund to which they want their employer superannuation contributions paid, employers will be required to make contributions to a MySuper account.

The MySuper accounts have restrictions placed on the fees that can be charged and any provider can offer a MySuper account subject to its meeting the required standards and providing the required options. With MySuper accounts, the investment exposure is managed according to your age with a view to ensure effective growth and security over time.

Moving from an Employer Sponsored fund, which may have a negotiated discount on management fees to a personal superannuation fund, may result in a higher management fee.

Transfer of benefits must be effected within 30 days of your furnishing the transfer request and the superannuation fund receiving all the required documentation to facilitate the transfer. A standard form requesting transfer is to be used by all funds.

Insurance

The employer default fund must offer the minimum levels of cover in respect of death, based on either an aged-based level or a set premium (exemptions apply).

Option 1

Age-based benefit level

Age range	Level of life insurance
20 to 34	$50,000
35 to 39	$35,000
40 to 44	$20,000
45 to 49	$14,000
50 to 55	$7,000

Source: Superannuation Guarantee (Administration) Amendment Regulations 2005 (No.1) Schedule 1

Option 2

The employer can make contributions to a default fund, in respect of an employee (in respect of death cover) who has not reached the age of 56 years, at a premium of at least 50 cents per week, or the equivalent.

A defined benefit scheme meets the insurance requirements where the scheme provides a death benefit with a future service component that is at least equivalent to the cover outlined in Option 1. This only applies to defined benefit members.

Obligations

For all new eligible employees, the Standard Choice Form must be provided to you within 28 days from commencement of employment. The employer must also provide a Standard Choice Form to an employee within 28 days for any of the following reasons:

- where you request it in writing, unless you have nominated a fund within the previous 12 months
- the employer became aware that there ceased to be a chosen fund for you due to the fact that the employer is unable to contribute to the chosen fund, or the fund ceases to be an eligible choice fund
- if the employer is contributing to the employee default fund in accordance with the choice requirements and the employer changes the fund to which contributions are made for the benefit of the employee

Along with the Standard Choice Form, employers are also required to make available to you a Product Disclosure Statement (PDS) of the default fund if it can be obtained. This will allow you to compare funds and make an informed decision.

Employees Excluded From Choice

Broadly, those excluded from choice of fund are:

- employees covered by State Awards where particular superannuation funds are named;
- employees covered by Workplace Agreements such as an Australian Workplace Agreement (AWA);
- employees of the Government who are members of unfunded superannuation schemes;
- some Victorian employees covered by an agreement under the Employees Relations Act of 1992; and
- some members of certain Defined Benefit Funds.
- temporary resident employees;
- those whose super fund has merged with another fund.

Excluded Contributions

Because the choice rules fall under the Superannuation Guarantee (Administration) Act 1992 (SGAA) the regime only covers SG contributions. Any contributions above the mandated SG are not covered by the new rules. If employers are making additional (voluntary) contributions above SG - including salary sacrifice contributions – those contributions are not required to be remitted to your chosen fund. The employer can direct where salary sacrifice contributions are paid.

Employer Sponsored Funds

Employer sponsored funds are established for the benefit of employees. Employer sponsored funds are generally public sector, industry or company based funds.

Trustees are appointed to represent the employer and employees and the representation is in equal numbers. This is also the case where a Corporate Trustee is used, with the board consisting of an equal number of representatives for the employer and the employees. This enables employees to have a say in the operation of the fund.

Frequency of Contributions

The following table provides the cut out date that is 28 days after the end of each quarter to pay the required SG amount for their employees. If they do not meet the super fund obligations they will be subject to a number of penalties.

SG quarter	Payment cut-off date
1 July - 30 September	28 October
1 October - 31 December	28 January
1 January - 31 March	28 April
1 April - 30 June	28 July

If a payment falls on a public holiday or weekend then it can be made on the next working day after the cut off.

Salary Sacrifice

The following points should be taken into consideration when a salary sacrifice arrangement is put in place.

- The arrangement must be prospective - the arrangement must be in relation to your future earnings rather than salary and benefits you have already accrued.
- There should be an agreement between an employer and you subject to the terms of any contract or industrial agreement of employment.
- In a ‘no extra cost’ basis the salary sacrificed amount may be counted towards the SG payment obligations – care should be taken as this may negate the benefit to you.
- The salary sacrificed amount together with the SG should not exceed the concessional contribution cap. (refer to super fact sheet ‘Super Contributions and Caps’)
- The contribution to the fund should be within 28 days following the month the deduction was made from your wages or salary.

For further information see our fact sheet ‘Superannuation Guarantee’.

Record Keeping

Records of superannuation contributions should be kept for five years and employers need to show that you have been offered a choice of super fund. Copies of agreement with regard to salary sacrifice should also be available.