

## FACTS SHEET – June 2006

# SUPER CHOICE FOR EMPLOYERS

### What is Super Choice?

This new law affects employers' responsibility in paying super under the SGC regime. Employers must offer their employees the right to choose their super fund.

### Eligible Employees

Most employees are eligible, although some who will not have choice are:

- those covered by a certified agreement where a super fund is nominated;
- those covered by a workplace agreement (AWA); and
- those covered by State Awards.

### When does it Start?

Super Choice commences 1 July 2005.

### Employer Obligations

You **must** provide the standard choice form to all employees with Part A complete:

- You must nominate a default fund for those who do not make a choice (the default fund has to offer a minimum level of life insurance death cover). Typically many will continue to use the fund they have previously used - check with them that the super fund is compliant. Please ensure that even though you have selected a default fund you cannot promote it - don't even be enthusiastic about it;
- There are penalties - draconian penalties - if you do not meet your obligations by 31 July 2005.
- You must begin paying employees super into their nominated fund within 2 months of notification.
- Please read and understand the standard choice form and its instructions before you hand it out;
- The employer is obliged to let the employee choose just one new fund per year;
- The employer has 2 months in which to switch funds for an employee.

- You should take care that you do not provide information to employees that can be construed in anyway whatsoever as financial advice. More draconian penalties apply. Some employers are considering having the employees sign a declaration stating that no such advice has been given just to protect themselves. Only people licensed under the Financial Services Reform Act may give advice about the investment opportunities or strengths in the default fund or any other superannuation fund. You should not encourage an employee to join the default super fund, or to change funds or dissuade from transferring to a super fund.
- If an employee incorrectly completes the standard choice form you have to assist them to correct it.
- It is vital that you have sufficient procedures in place to deal super choice. You need to be able to deal with queries, be able to monitor who have returned their forms and who have not, and ensure that the super fund chosen by your employees are regulated. Again there are more draconian penalties if you do not comply.

## Employee Obligations

- The employee is to provide to the employer with the standard choice form a written statement from the trustee of the nominated fund stating that the fund is a complying super fund if they are changing;
- The employee is to provide to the employer with the standard choice form the superannuation products identification number of the nominated super fund and how the employer is to pay the super if they are changing;

## Any Changes to the Current Obligations?

NO - the above does not impinge on the still current superannuation obligations of the employer, which basically are:

- Employer superannuation contributions under SGL are due quarterly by the 28th following the end of the quarter;
- The contributions are calculated at 9% of the gross wages of an employee (there are certain exemptions such as no super for any employee paid less than \$450 for the month); and
- There are draconian penalties for those employers who do not carry out their SGC obligations.

## Some Links for Super Help

Click on the Australian Consumers Association link below for their guide to Super Choice. This is mainly from the employee's perspective and may be a good referral if your employees insist on you giving them some information. Again, do not influence your employees in their investment decisions, refer them to other sources of information, such as this website, and to licensed financial planners.

[ACA Link](#)

Click on the link below for the Federal Governments dedicated website on Super Choice at [www.superchoice.gov.au](http://www.superchoice.gov.au) . Unfortunately, this website seems to be down more often than it works - an omen perhaps?

[Super Choice Link](#)

For more information of Super Choice from an employers perspective, click on the link below to access various Facts Sheets and other information for Employers from the Association of Superannuation Funds of Australia:

[ASFA Facts Sheets Link](#)

Click on the link below to access a Superannuation Calculator that compares your current superannuation fund to another, from the ASIC Fido website:

[ASIC Fido Link](#)

Click on the link below to find a qualified financial planner as listed in the Financial Planners Association website:

[FPA Link](#)

Click on the ATO website link below to find out whether the employees super fund is regulated:

[Regulated Super Funds](#)

Please contact us if you have any queries.

***Important:*** *The information contained in this Facts Sheet is not advice. Many of the comments in this Facts Sheet are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances. Also please note that changes to legislation may occur quickly.*

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