

Employers & Super Choice

Please read this document and contact our office if you have any queries

From 1 July 2005 **some employees** will be able to choose the super fund for their compulsory superannuation guarantee contributions. The law requires an employer to offer choice to **eligible employees**.

WHAT YOU NEED TO DO

	ELIGIBLE EMPLOYEES	INELIGIBLE EMPLOYEES
I D E N T I F Y	<p>Generally, employees whose superannuation contributions are not made under a state award or industrial agreement, a certified agreement or an Australian Workplace Agreement.</p> <p>To check if an employee is covered by a state award, please contact our office.</p>	<p>Employees whose superannuation contributions are made under a state award or industrial agreement, a certified agreement or an Australian Workplace Agreement.</p> <p>Also, employees whose superannuation contributions are currently being made to a superannuation fund of their choice.</p>
P R O V I D E F O R M	<p>Give the standard choice form to all existing eligible employees by 29 July 2005 (see attached).</p> <p>New eligible employees who start work after 1 July 2005, must be given the standard choice form within 28 days.</p>	<p>No change to current arrangements.</p>
C O N T R I B U T I O N S	<p>An employer has two months to get ready to make contributions to the fund of choice.</p> <p>If eligible employees do not return their standard choice form within 28 days then superannuation guarantee contributions should be made to the fund you have identified as your employer default fund (on the <i>standard choice form</i>). Please contact us if you need assistance in choosing an employer default fund.</p> <p>Eligible employees have the right to change the fund of their choice. However, it is limited to once in every 12 month period.</p>	<p>As per current superannuation guarantee contributions being made.</p>

K E E P R E C O R D S	<ul style="list-style-type: none"> ◇ Records showing that the Standard Choice Form has been provided to all eligible employees. For example, you may issue the Standard Choice Form by email and keep copies of the emails. ◇ Written information the employee provides when they nominate their chosen fund and receipts or other documents issued by the fund showing that you have made superannuation guarantee contributions for that employee to the chosen fund. ◇ Records must be kept for 5 years. 	<ul style="list-style-type: none"> ◇ Details of ineligible employees. For example, if an employee is ineligible for choice because the certified agreement they are employed under requires superannuation support to be provided, you need to keep this information. ◇ Records confirming that the employer fund meets the insurance requirements. This could be a copy of the product disclosure statement provided by the fund, or a record of a telephone conversation with an authorised representative of the superannuation fund about the level of insurance it offers. ◇ Records must be kept for 5 years. 												
I N S U R A N C E	<p>You will need to check that your employer default fund is a complying fund and meets insurance requirements for choice of superannuation fund. You can phone the trustee or an authorised representative of the superannuation fund to verify this.</p> <p>Ensure life insurance is offered:</p> <ul style="list-style-type: none"> ◇ at a premium of at least \$0.50 per week for those under 56 years, or ◇ with at least the level of insurance cover shown below: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Age Range</th> <th>Level of Insurance</th> </tr> </thead> <tbody> <tr> <td>20-34</td> <td>\$50,000</td> </tr> <tr> <td>35-39</td> <td>\$35,000</td> </tr> <tr> <td>40-44</td> <td>\$20,000</td> </tr> <tr> <td>45-49</td> <td>\$14,000</td> </tr> <tr> <td>50-55</td> <td>\$7,000</td> </tr> </tbody> </table> <p>or</p> <ul style="list-style-type: none"> • if the contributions are made to a defined benefit fund on behalf of a defined benefit member, at a level of cover equivalent to the table above. 		Age Range	Level of Insurance	20-34	\$50,000	35-39	\$35,000	40-44	\$20,000	45-49	\$14,000	50-55	\$7,000
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P E N A L T I E S	<p>If an employer does not provide eligible employees with a standard choice form or does not pay superannuation guarantee contributions to an employees chosen fund, a choice shortfall will be incurred. The penalty is about 25% of contributions and is limited to \$500 for a notice period per employee.</p>													

An employer **can explain** the choice process to employees, **but should not** give financial advice (for example, advice in relation to which superannuation fund to choose) unless the employer is licensed to do so.