

Important Information for Employers



Superannuation is changing. The information below details some of the new requirements and the changes that employers should be aware of.

Changes to super from 1 July 2013

Superannuation Guarantee (SG) rates

An employer must currently contribute at least 9% of an employee's salary as SG. From 1 July 2013 the minimum SG percentage will increase to 9.25%, gradually rising to 12% by July 2019. The table below details the statutory minimum rates per financial year:

| Financial Year | SG rate (%) |
|----------------|-------------|
| 2012/2013 | 9 |
| 2013/2014 | 9.25 |
| 2014/2015 | 9.5 |
| 2015/2016 | 10 |
| 2016/2017 | 10.5 |
| 2017/2018 | 11 |
| 2018/2019 | 11.5 |
| 2019/2020 | 12 |

Additional employee communications

Employers will also be required to communicate regular information to employees about the employer's superannuation contributions. From 1 July 2013, all employee payslips will need to report actual contributions paid (rather than just accrued contributions), including the details of the fund to which the contributions have been paid.

Removal of SG age limit

From 1 July 2013, the SG age limit will be removed and employers will be required to make SG contributions for all eligible employees aged 70 years and older.

Stronger Super

The Federal Government is making some changes to the superannuation system that it believes will reduce costs, improve efficiency and provide better retirement outcomes for Australians. The initiatives that will have the most impact on employers and super fund members include MySuper and SuperStream.

MySuper

At present, all employers must have a default fund for all employees who do not choose a super fund when they begin their employment. Under the MySuper reforms, from 1 January 2014, employers can only offer an approved MySuper product as their default fund.

What is MySuper?

According to the Government, MySuper is intended to be a simple superannuation product with a single, diversified investment strategy.

The key features of MySuper will be:

- A single diversified investment strategy.
- Comparable data on long-term net returns.
- Restrictions on some fees (including new standards on performance fees to fund managers, some banned commissions, a ban on entry fees).
- A reasonable allocation of costs between MySuper and other products.
- Life and total and permanent disability (TPD) insurance offered on an opt-out basis.

Super funds can offer MySuper products from 1 July 2013.

What happens if employers don't comply?

There will be significant financial consequences for an employer who does not comply with the new legislation.

How will I know if my default fund offers a MySuper product?

It is expected that APRA will maintain a list of funds which have a MySuper product. However the easiest way to find out is to ask your current default fund if they will be offering a MySuper product.

Good news – Prime Super will offer a MySuper product from 1 July 2013

Prime Super will offer an APRA-approved MySuper product from 1 July 2013. This means that if we are your default fund you will automatically comply with the MySuper requirements come 1 January 2014.

However, employers who do not use Prime Super as their default fund will need to check with their default fund to make sure that they meet the MySuper requirements on and from 1 January 2014.

SuperStream

SuperStream is a package of measures designed to enhance the 'back office' of superannuation. SuperStream deals with administrative processes and includes proposals to:

- implement standardised forms and common data standards for electronic transactions;
- impose data requirements for processing rollovers and contributions;
- allow the use of tax file numbers (TFNs) as the primary account identifier; and
- encourage the use of technology to improve processing efficiency.

Generally, the SuperStream reforms require employers to adopt a range of data and e-commerce standards that it is hoped will automate the processing of contributions so that employees will have contributions allocated to their super accounts more quickly and accurately. The measures will require employers to:

- provide information to the super fund about employees in a standard electronic format; and
- send contributions to the super fund in a standard electronic format.

The exact details of the SuperStream data and e-commerce standards have not yet been finalised by the Government. Prime Super will be keeping its employers informed as more details are released.

Timing

The Government has made a distinction between 'large', 'medium' and 'small' employers and when they are expected to comply with the new standards.

The data standards and use of e-commerce will become optional for all employers from 1 July 2013 and compulsory from 1 July 2014 for large and medium employers. For small employers, it is proposed that the requirements will become compulsory from 1 July 2015, but this is subject to further consultation.

| Size of employer | Number of employees | Date you're expected to comply |
|------------------|---------------------|--------------------------------|
| Large | 500+ | 1 July 2014 |
| Medium | 21-500 | 1 July 2014 |
| Small | Less than 20 | 1 July 2015 |

Good news – You don't have to wait to start making your contributions electronically

Prime Super already has a secure online system in place for employers. Call us on **1800 675 839** to set up an online services account and make your SG payments electronically.

Contact Prime Super

For further information about any of the issues addressed in this article, contact a Prime Super Regional Manager.

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