

Super Basics for Employers

Superannuation is an investment strategy designed to help Australians save for their retirement. Depending on their circumstances, the more money a person is able to contribute to their superannuation account over the course of their working life, the more comfortable their retirement will be.

The Commonwealth Government encourages this objective by giving superannuation considerable tax advantages compared to other forms of saving. However in return, superannuation funds and their members must comply with strict conditions.

Superannuation Guarantee

The Superannuation Guarantee (Act) 1992 requires all employers to provide a minimum superannuation cover for all eligible employees. An employee is considered eligible if they are:

- Aged 18 years or over but under 70; and
- Paid at least \$450 (before tax) in a calendar month.

If an employee is under 18, they are eligible for the superannuation guarantee if they work 30 hours or more a week. They may also be eligible if they work under a contract that is wholly or principally for their labour.

An employee may not be eligible if they are:

- Paid to do work of a private or domestic nature for 30 hours or less each week;
- A non-resident employee and paid to do work outside Australia;
- A member of the Army, Navy or Air Force Reserve;
- A foreign executive holding a specific class of visa or entry permit; or
- Temporarily working in Australia for an overseas employer and are covered by a bilateral social security agreement.

If an employee is eligible, as an employer you must make superannuation contributions of at least 9% of their gross salary or wages. The contributions must be fully vested, i.e. their right to the contribution cannot be dependent on length of service. Contributions are calculated as a percentage of ordinary times earnings, which is what they earn for their ordinary hours of work. This generally includes ordinary pay, over-award payment, shift loading, commission, annual leave and sick leave. It does not include eligible termination payments and fringe benefits.

Payment Deadlines

Contributions by employers can be made at anytime, but to meet the requirements of the Superannuation Guarantee Legislation and to avoid penalties from the Australian Taxation Office (ATO) payments must be made as shown below.

SG Quarter	Due Date for Quarterly SG	Due date for SG Charge (SGC) if late ¹
1 Jul – 30 Sep	28 Oct	28 Nov
1 Oct – 31 Dec	28 Jan	28 Feb
1 Jan – 31 Mar	28 Apr	28 May
1 Apr – 30 Jun	28 Jul	28 Aug

¹ The employer is required to submit a SG Statement and SGC to ATO (additional penalties apply if late)

Tax advantages

Tax deductible contributions: Some contributions to superannuation are tax deductible and employers can usually make tax-deductible contributions for their employees. Employers may claim a deduction for the full amount contributed in a financial year, however limits do apply. The tax deductible limit (known as the concessional cap) for those under 50 years of age is \$25,000 and \$50,000 for those over 50.

Employees - Salary Sacrifice: Employees are usually not entitled to claim tax deductions for their own superannuation contributions. However, the concept of Salary Sacrifice can be used to gain tax advantages. By reducing their gross wage in return for increased employer superannuation contributions, your employees may gain taxation advantages while accumulating superannuation assets.

Choice of Fund

Choice of Fund law gives employees the right to choose which superannuation fund will receive their employer superannuation contributions, including the 9% compulsory super contribution.

Some employees may be exempt from the choice of super fund rules, including employees covered by:

- A Workplace Agreement or a Certified Agreement under the Workplace Relations Act 1996; or
- A State Industrial Award.

Employers with employees who are not covered by these agreements or awards, must comply with the legislation. There are some additional exemptions which can be found on the Australian Taxation Office's website – www.ato.gov.au.

If an employee elects to make a choice they are responsible for providing their employer with these details:

- The name of the fund and confirmation that it is a complying superannuation fund;
- The relevant account number and bank account details for payment of contributions; and
- Confirmation that the fund will accept contributions from the employer. This is likely to take the form of a letter from the Fund's Trustee.

If an employee does not provide this information, an employer is not required to make payments to the employee's chosen superannuation fund. However the employer will need to contribute to the default fund on behalf of the employee.

Contributing to a MAP Superannuation Plan account

Super contributions fall into two main categories:

- Concessional Contributions; and
- Non-concessional Contributions.

Concessional Contributions are typically pre-tax contributions made on behalf of an employee by an employer. These contributions are taxed within the Fund at a 'lower concessional' rate of 15%.

Non-concessional Contributions are typically after-tax contributions made by an employee or their spouse and are not taxed within the Fund.

As an employer the types of contributions you could be required to make on behalf of your employee are:

Superannuation Guarantee ('SG') Contributions: Legislation generally requires employers to make Superannuation Guarantee (SG) Contributions based on a percentage of each employee's salary. Currently, SG Contributions must be 9% of gross ordinary time earnings.

Salary Sacrifice Contributions: At an employee's request, an employer may agree to make Salary Sacrifice Contributions on the employee's behalf. Salary Sacrificing involves the employer agreeing to, and making, pre-tax contributions into the employee's super in lieu of part of their gross salary. By Salary Sacrificing the employee may benefit from a reduction in income tax.

Award Employer Contributions: As an employer you may be required to make contributions under an agreement or award certified by an industrial authority. Award contributions count toward meeting the SG. Contributions must meet both the SG and the award but are not cumulative. For example, a 3% award obligation and a 9% SG obligation requires a 9% contribution, not a 12% contribution.

Other Employer Contributions: You may choose or agree to make other pre-tax contributions to your employee's super in addition to any SG, Award or Salary Sacrifice Contributions. For example, you may choose or agree to contribute 12% superannuation instead of the SG rate of 9%. However, 9% of this contribution is considered a SG Contribution while the remaining 3% would be classified as an Other Employer Contribution.

Payment methods

There are a number of ways you can contribute to your employees' MAP Superannuation Plan account.

BPAY



When an employee joins MAP Superannuation Plan they will be sent a BPAY information sheet, which includes a set of BPAY numbers unique to their account. These BPAY numbers are assigned to different types of contributions. By using these numbers MAP will know which member the contribution is for and what type of contribution it is.

Also using BPAY as the payment method means that no one has to fill out any paperwork and you will always have a record of the payment on your bank statement.

Electronic Transfer

Contributions can be made into one or more MAP Superannuation Plan accounts through your bank's electronic transfer service. You will need to advise us that you have made the contribution via the Secure Employer Login area on our website (see below for details) or by sending us a completed MAP Superannuation Plan Remittance Advice Form available at www.mapfunds.com.au.

Cheque

You can mail us a cheque with a completed MAP Superannuation Plan Contribution Remittance Advice Form to:

MAP Funds Management Ltd
Reply Paid 1130, Brisbane QLD 4001

Cheques should be made out to MAP Master Superannuation Plan



Visit www.mapfunds.com.au to download a Contribution Remittance Advice Form for Employers or call us on 1800 640 055.

Secure Employer Login

MAP's Employer Login is an easy to use and secure online system that allows employers to:

- Enter and submit contribution details;
- Update contact details and employee records;
- Check transaction history; and
- Download MAP Superannuation Plan forms and factsheets.

About MAP

A "Profit for Members" fund established by Doctors over 50 years ago to meet the superannuation and investment needs of medical and allied health professionals. MAP quickly grew to become the Superannuation Fund of choice for many Medical Professionals throughout Australia. In 1992 due to a growing demand for acceptance from other professions MAP became a Public Offer Entity. MAP has evolved to now provide a broad range of comprehensive, specialist and individually tailored financial, investment and retirement planning services through MAP Financial Planning and the MAP suite of products. Doctors are still a majority on our Board and thankfully a few of MAP's first members are still with us as we continue to offer the care of professionals to the professionals who care.

Contact Us

GPO Box 1130, Brisbane QLD 4001
enquiries@mapfunds.com.au
www.mapfunds.com.au

Telephone: 07 3838 1234
Toll Free: 1800 604 055
Facsimile: 07 3838 1235

MAP Funds Management Ltd (ABN 85 011 061 831, AFSL No. 240753, APRA RSE Licence No L0000703) ('MAP') is the trustee of MAP Superannuation Plan (RSE No R1001587) and MAP Pooled Superannuation Trust (RSE No. R1001563) and responsible entity of the MAP Australian Equity Fund (ARSN 092 833 308). MAP Financial Planning Pty Ltd (ABN 91 090 411 537, AFSL No 239117) is a wholly owned subsidiary of MAP. This document may contain general advice which does not consider any particular person's objectives, financial situation or needs. These matters should be considered together with the relevant Product Disclosure Statement ('PDS') and professional financial advice before making an investment decision. The PDS is available at www.mapfunds.com.au or by calling 1800 640 055. Information in this document is believed to be reliable and accurate but may be subject to change and MAP (including its directors, employees, agents or subsidiaries) disclaims all liability, however caused, by any party which relies on its contents. Past performance is not a reliable indicator of future performance. Investments have risk and MAP does not guarantee the repayment of capital or the investment performance of any of its products. (REF - MAPFM 0311)