

Seven tips for paying super

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HESTA



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Where not-for-profits go for help

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hello

You and your organisation provide invaluable support to Australians who are experiencing poverty, disadvantage and discrimination. Your commitment to building stronger communities, improves the lives of all Australians.

This booklet is all about giving you the information you need to make paying your employees' super simple, so that you can get on with the work you do to support the community sector.

It's all here, everything you need to know so that you can meet your super obligations whilst exceeding expectations.

HESTA is proud to support Australia's phenomenal not-for-profit sector and we look forward to helping you improve the lives of all Australians.

Debby Blakey
HESTA CEO

Denis Moriarty
Our Community Group
Managing Director

01 paying super

If your organisation has employees, you need to pay the Superannuation Guarantee or 'SG'. The SG is a compulsory super payment you make on behalf of your eligible employees. This payment is made directly into their chosen super fund.

Does everyone get paid super?

An employee may not be eligible for super if:

- they are under 18 years old and work less than 30 hours per week; or
- they are paid less than \$450 (before tax) in a calendar month.

For a full list of circumstances in which you don't have to pay SG visit ato.gov.au/super

How much super do I need to pay?

The amount you need to pay is a percentage of each employee's wage. The Federal Government sets this percentage. It is currently 9.5%. To work out the amount of super you need to pay each of your employees you need to calculate 9.5% of their wage. When you do this make sure you include all payments your employees earn for the hours they work. This is known as Ordinary Time Earnings (OTE).

What are Ordinary Time Earnings (OTE)?

OTE is generally what your employees earn for their normal hours of work and also includes:

- over-award payments
- certain bonuses
- paid leave
- certain allowances.

You should know

There are also some types of payments that are not considered OTE, such as overtime and parental leave payments. To make sure you're across what is and isn't OTE visit ato.gov.au/super

Your employees may wish to make additional contributions to their super. On 1 July 2017 some changes will apply to tax and caps for certain voluntary contributions. For more information visit hesta.com.au/knowitall or ato.gov.au

How do I calculate super payments for my staff?



Ordinary Time Earning (OTE)
per calendar month

SG percentage
(currently 9.5%)

Employer super contribution



Example

Anne earned \$4,000 in a month, including \$500 in overtime.

Anne's ordinary earnings are \$3,500.

So Anne's super payment for the month is:

$\$3,500 \times 9.5\% = \332.50

02

when to pay your employees' super

Most organisations prefer to save time where possible and process their employees' super payments at the same time as they pay their wage. You can pay super weekly, fortnightly, monthly or quarterly.

So what happens if I miss the due date?

If you miss the due date then unfortunately you'll have to pay a fee to the tax office. This is called the Superannuation Guarantee Charge. Unlike super payments, this charge is not tax-deductible and there is nothing we can do to prevent it except give you this tip: **don't miss the due date!**

Quarterly super due dates



03

how to make super payments

What's the easiest way to pay my employees' super?

The Federal Government recently introduced SuperStream, a new super administration system. It allows you to pay your super electronically, in a consistent format. So no more worrying about getting those cheques signed every month. The government also has a free online clearing house service currently available for organisations with fewer than 20 employees. Visit ato.gov.au/sbsch for more information.

What about reporting tax and super information to the ATO?

From 1 July 2017, the tax office is streamlining the way employers report some tax and super information. It's called Single Touch Payroll (STP). With STP, salary and PAYG withholding amounts will automatically be reported to the tax office when you pay your employees. The tax office is working with payroll software providers to ensure their products will allow employers to report through STP.

Dates you need to know	Employers with 20 employees or more		Employers with 19 employees or less	
	1 July 2017	Single Touch Payroll available but not compulsory	Single Touch Payroll available but not compulsory	Single Touch Payroll available but not compulsory
1 July 2018	Single Touch Payroll available and compulsory	Single Touch Payroll available and compulsory	Single Touch Payroll available but not compulsory	Single Touch Payroll available but not compulsory

You should know

Using STP is currently optional but it will become compulsory for employers with 20 or more employees from 1 July 2018.

For more information about SuperStream, super clearing houses or STP visit ato.gov.au/super

04

your employees can choose where their super is paid

Not everyone realises it but employees can choose the fund their employer pays their super into.

This means you must give new employees the Standard Choice form within 28 days from when they start work. You can get copies of the Standard Choice form from the tax office or your default super fund.

Remember, while you might have the best of intentions you must not give your

employees advice about which fund they should choose. By law, you must be a licensed financial adviser to provide guidance about choosing a super fund.

But, you do need to choose a default fund that you will pay your employees' super payments into if they don't choose a fund.

05

the default fund rules

What's a default fund?

A default fund is the super fund you pay your employees' super into if they don't choose their own fund.



How do you choose a default fund?

In your job, you make lots of important decisions every day. Choosing a default fund is one of those. About 80% of people working in the community services sector use a default fund.

The fund you choose must have a MySuper-compliant investment option.

I have chosen a default fund, now what?

Simply let your employees know and provide them with the Standard Choice form to complete. Once completed, keep the form on file with your employee records.

Need to choose a fund?

Below are some things to think about.

- what does the fund do to support your sector?
- what ratings has the fund received from an independent source such as SuperRatings?
- does the fund have an ethical investment option?
- how does the fund communicate with you?
- does the fund offer tailored services?
- does the fund match the values of my organisation?
- can the fund offer you a SuperStream-compliant method for paying your super?

To learn about the benefits of choosing HESTA, visit hesta.com.au/employers

06

record keeping & tax file numbers

You need to keep records to show:

- the amount of super you've paid each of your employees
- how you calculated that amount
- you have offered eligible employees a choice of super fund, such as proof that you've provided your employees with the Standard Choice form.

These records must:

- be written in English (or in a format that can easily be translated into written English)
- be kept for five years
- be capable of being reproduced if they are electronic records, so software must be available to access older USBs, CDs and computer records.

Reporting tax file numbers (TFN)

- when an employee gives you their TFN, you're required by law to provide it to their super fund. Simply include it in the next super payment you make.

For more information about your record-keeping obligations visit ato.gov.au/business

07

keeping up-to-date with super

The tax office likes to keep you on your toes. Your super obligations can change. Your default super fund should keep you up-to-date with your super obligations. If you're not already subscribed to receive updates, contact your fund to find out how.

Jargon busters

Industry fund

A super fund that originally catered to employees from a particular employment industry or industrial award. Most are now open to the general public. They are low cost and run only to benefit members.

Retail fund

A super fund usually run by banks or investment companies. Anyone can join retail funds. The company that owns the fund aims to retain some profit.

Industrial award

An employment standard that sets out minimum wages and conditions for an industry. Awards cover things like rates of pay, overtime, penalty rates and allowances.

Ordinary Time Earnings

Ordinary time earnings are what employees earn for their ordinary hours of work including over-award payments, bonuses, commissions, allowances and certain paid leave.

MySuper

MySuper is a type of super product. MySuper products are low-cost, and offer a standard set of features that allow you to easily compare funds when you are choosing a default super fund.

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our inspiration

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