

# Superannuation 101 (Part 3)



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This week we resume our Superannuation series and discuss Superannuation Guarantee (SG). The SG dictates the minimum percentage of your earnings your employer is mandatorily required to pay into your super fund. This percentage is determined and legislated by the Australian Government.

## Superannuation Guarantee Rate

The current SG rate is 10% on ordinary time earnings (OTE) effective from the 2021-22 Financial Year. This rate has gradually increased from 3% in 1992 when it was introduced over the years to the current 10%.

The SG is proposed to be increased by 0.50% per year to reach 12% by 2026 Financial year. Your employer may make

payments at a higher rate than the SG rate.

## Who is entitled to receive SG?

Your employer must pay super if, you are paid \$450 or more (before taxes) in wages in a month and:

- You are over 18 years of age or over or
- You are under 18 years of age, working at least 30 hours a week

It is proposed that from 1st July 2022 the threshold of \$450/month will be removed.

Self-employed persons are not mandated to pay SG unless they employ themselves through the PAYG set up.

## Payment Frequency

Even though you may see a SG contribution in each of your pay slips, these do not need to be contributed each pay cycle or even each month. However, your employer must pay the super contributions to your super fund at least on a quarterly basis. The payment dates for each quarter are usually by the 28th of the month following the end of the quarter.

Please note the super is considered paid on the date it is received in the super fund i.e., the date the funds clear and not the date of the payment of the super fund.

## Failure to pay or delay in payment of SG

In the event there is a failure on behalf of your employer to pay Super or a delay in payment of the Super or the super is paid into the wrong fund, the employer may need to pay a Superannuation Guarantee Charge (SGC), this is a non-deductible expense for the employer.

## Employee check points

- Confirm rate of SG paid to you (10% of OTE)
- Confirm the contributions are being received in your nominated Super fund

The little steps above can make sure you are receiving what you are rightfully entitled to and this can have significant impact over the years on your retirement nest egg.

