



## Super choice for employees – your questions answered

19 July 2005

From 1 July 2005, many more employees now have the right to choose which superannuation fund or retirement savings account receives their employer superannuation guarantee contributions. It's important that you know if you're eligible for choice of superannuation fund, whether you have to make a choice and what you need to think about before doing anything.

### How do I know if I'm eligible for choice?

Your employer is best placed to know if you're eligible, so ask them as a first step. Generally though, you are eligible to choose your superannuation fund under the Australian Government's choice of superannuation fund initiative if you are:

- employed under a federal award, or
- employed under a state award or a state or federal industrial agreement that doesn't have any superannuation requirements, or
- not employed under any award at all.

If you're not sure what award or industrial agreement (if any) you are covered by, you can find out by:

- asking your employer
- visiting the website **[www.wagenet.gov.au](http://www.wagenet.gov.au)** (for federal awards and agreements and links to information on state awards and state industrial agreements), or
- phoning the government agency responsible for workplace relations in your state or territory.

### If I work under a state award or industrial agreement or an Australian workplace agreement (AWA) or certified agreement, am I eligible for choice?

Generally you won't be eligible for choice of superannuation fund if your employer is required to make superannuation contributions under an Australian workplace agreement or a certified agreement.

If you are employed under a state award or state industrial agreement, whether or not you are able to choose your superannuation fund depends on the laws in your state.

Most public servants and some members of defined benefit funds are not eligible for choice of superannuation fund.

### Are government employees eligible for choice?

New Australian Government employees who commence employment on or after 1 July 2005 will be able to choose a superannuation fund from 1 July 2006. Employers will be able to offer these employees choice of superannuation fund from as early as 1 July 2005 if they wish.

Most Australian Government employees that are employed by the Australian Government as at 30 June 2005 will not be offered choice. Certain State and Territory Government employees will also not be offered choice of superannuation fund. However, some of these employees may already be allowed to choose a superannuation fund under state law.

### How do I compare funds?

You don't have to choose a superannuation fund if you don't want to. If you don't, you can do nothing and your employer will make superannuation contributions into the fund chosen by them. If you do, it's important that you spend some time comparing funds and making sure that you're making the right

choice. If you are thinking of changing from an existing fund to a new fund, consider what you might gain and what you might lose by changing.

When looking at different funds, things to think about include:

- will your employer contribute more into one fund than another? What about other fund benefits and services?
- how much insurance cover do you need? What does it cost? Are there conditions?
- how much are the fees and charges?
- how well has the fund performed over 5 years or longer?

Get a free copy of the **Super Choices** booklet (available from [www.superchoice.gov.au](http://www.superchoice.gov.au) or by calling **13 28 64**). It provides plenty of independent information about what to look for in a fund, how to compare different funds, and outlines some good – and bad – reasons for changing super funds. Remember, there's no rush, so to take your time and explore your options. Be sure that you're making the right choice for your future.

### **Do I still need to complete the form if I am happy with my current fund?**

If you're happy with the fund you're in now and this is the same as your employer fund, you won't have to complete and return the **Standard choice form**. Be aware however that your employer doesn't have to nominate your current fund as the employer fund.

If your employer has nominated a different fund as the employer fund, you will have to fill out the **Standard choice form** if you want to remain in your current fund. You should provide all the information required on the **Standard choice form** to your employer, including information about the superannuation fund you have chosen (available from the fund itself). Your employer then has two months after all the information has been provided to direct any superannuation guarantee contributions made to your chosen fund.

If you choose to do nothing, your employer is required to make superannuation guarantee contributions for you to the employer fund.

You should receive a **Standard choice form** from your employer by 28 July 2005. The form sets out details of the employer fund and allows you to choose a different fund if you want to do so.

### **Can my employer set a deadline on when I must hand back my Standard choice form?**

No - you can take as long as you like to make a choice of superannuation fund. From 1 July 2005, employers must determine which of their current employees are eligible for choice of superannuation fund and provide those employees with a **Standard choice form** before 29 July and within 28 days of their start date for employees who start work after 1 July 2005. The form must include the details of the employer fund, which is the superannuation fund the employer will pay into if the employee does not choose a fund. However, it's up to you as to how long you take to decide whether to use the employer fund or choose a different superannuation fund.

### **Can I choose my self managed super fund as my chosen fund?**

You're allowed to set up your own private superannuation fund and manage it yourself (called a self-managed super fund), but under strict rules regulated by the Tax Office. The **Super choices** booklet offers some information about self managed super funds.

You must not use a self managed superannuation fund or other scheme to get access to your preserved superannuation money before you are legally able to do so (this is at least 55 years old or 60 for anyone born after June 1964). This is illegal and significant penalties could apply for illegally accessing your superannuation benefits early.

Report to the Australian Securities and Investments Commission or the Tax Office anyone who tries to talk you into getting your preserved superannuation money early through a self-managed fund or for a fee.

**How can I get more information on super choice?**

For lots more information about super choice or to get free copies of the ***Super choices*** booklet, visit [www.superchoice.gov.au](http://www.superchoice.gov.au) or phone **13 28 64**.