Super News

Employer Edition

Edition 1 2018

Welcome to the latest newsletter for our Employers.

Single Touch Payroll is almost here

If you're a business with 20 or more employees, then the government's Single Touch Payroll (STP) scheme is about to come into effect for you.

This scheme, along with a number of other recent reforms, have been designed by the government to safeguard and modernise the Superannuation Guarantee (SG) system.

The aim of STP is to align payroll functions with your business tax and super reporting obligations.

There's work to be done

Single Touch Payroll will change the way you report your employee' payroll information to the Australian Taxation Office (ATO).

From 1 July 2018, businesses with 20 or more employees will now have to report a range of payments including salaries and wages, Pay As You Go (PAYG) withholding and super information to the ATO **when you pay your employees**. The headcount for your business is a self-assessment and should be calculated as at 1 April 2018.

For many businesses, you will be able to meet your STP obligations through your existing payroll solution (account software etc.) as long as it is updated to offer STP reporting. If you haven't already done so, you need to contact your payroll solution provider about how and when your product will be ready. Some payroll software providers have asked for more time to update their products and may have a deferred start date – check with your provider for more details.

If you don't currently use a payroll solution, you will need to choose one that offers STP reporting and start reporting from 1 July 2018.

Highlights...

- **Single touch payroll**
- **Insurance claims made simple**
- **Super rates & thresholds**
- **Making extra contributions to super**

What's not changing

Your payroll cycle **doesn't need to change** – you can still pay your employees weekly, fortnightly or monthly. However, when you start reporting through STP, your payroll solution will send your employees' payroll and super information to the ATO **each payday**.

Also, your payment due date for PAYG and SG contributions **will not** change.

Smaller businesses have a little more time

If your business has 19 or fewer employees, the current timeframe for your switch to STP requirements is 1 July 2019. We'll be in touch closer to the date to confirm timing and any additional requirements – subject to legislation being introduced and passed in parliament.

If you have any questions or concerns about your current contribution processes or obligations, simply contact the Nationwide Super team, your payroll software provider, or your tax/accounting agent, for help.

Insurance Claims Made Simple

Simple is back.

Making an insurance claim can be a difficult time for many people, even sometimes adding more stress for those who are sick or injured and possibly feeling alone. We want to ensure that Nationwide Super members are not alone and they know that we're here to help. We strive to ensure our members receive their benefit payments quickly, and with greater ease.

For claims relating to Events occurring from 1 July 2017*, we will soon be launching a simple three step digital solution that allows a member to initiate and manage claims online via a desktop or tablet. After the initial claim lodgement, the solution also allows them to download and upload documents and keeps them informed of progress by providing automated updates. Our digital capability means faster lodgement and also allows us to support members, and where possible, to attend rehabilitation programs and return to work sooner.

Making the process simpler, our digital solution consists of three stages – the claim lodgement, the claim assessment and the claim decision^. Members can also track the progress of claims either online or by contacting an experienced case manager whenever they need to.

The digital solution provides 24/7 access to the online claims portal, this means turnaround times are significantly reduced, resulting in a decision on claims being made sooner.

We've designed the process to make it as simple as possible, so that members can manage it themselves – at no cost. Our job is to help them understand their insurance cover, their rights and entitlements, to explain all options clearly including how to make a claim, plus keep them informed about what to expect.

Keep an eye on our website for more details about the launch date.

**If the member ceased work prior to 1 July 2017, they need to call Nationwide Super on 1800 025 241 to discuss whether they may be eligible to submit a claim online. If they are not eligible to submit a claim online or would prefer to submit the claim in a different way e.g. by using a paper process, Nationwide Super will assist with other options that are available. If claims are submitted by using a paper form, they'll still be able to check the status of the claim online should they choose to do so.*
^For all claim cases other than Income Protection claim acceptances, the Trustee will review the insurer's recommendation before a decision is communicated to the member.

EOFY Contributions Deadline

The end of June is a busy time for everyone!

Don't forget that for super contributions to be processed in the 2017/18 Financial Year, they need to be received by Friday 29th June.

It helps to leave plenty of time for delivery and processing, so we suggest aiming to complete your contribution and notification process by Friday 22nd June.

Making Extra Contributions To Super Has Rewards

We've been communicating to members recently about the benefits of them making extra contributions to their super, and this may apply to your own super savings.

The best time to start tipping any extra money you can afford into super is today. Whether your retirement is just around the corner or a long way down the track, the tax benefits and compound earnings potential could give your retirement nest egg a significant boost.

For many people, being in a position where you're relying on the government's Age Pension won't be enough to support the lifestyle you were hoping for in retirement. We're also living longer, and the cost of living will continue to increase.

The potential benefits of making extra contributions will vary depending on your personal circumstances, including your income, the type of contributions you make, and the investment returns from your fund. You should also look at your finances as a whole, as credit card debt, personal loans or a home loan could still be a priority over extra super contributions.

Ways to boost your super

As an individual, you can make additional contributions from your before or after-tax income.

The before-tax contributions you can make are also known as 'salary sacrifice'. This is when you choose to have some of your salary paid into super instead of taking the money as after-tax pay. The main benefit here is that these contributions are taxed at 15%, which could be lower than your marginal tax rate.

As an example, if you earn $90,000 and decide to salary sacrifice $5,000 to super, your overall tax would go from $22,732 to $21,622 - a saving of $1,110 in just one year.

Personal contributions that you or your spouse makes on your behalf to super from after-tax salary are known as non-concessional contributions. There are limits on the amount you can contribute each year through this method.

You can generally claim up to 100% of any personal contributions you have made throughout the year as a deduction on your tax return – as again, these deductible super contributions are only taxed at 15% instead of your marginal tax rate.

Making extra contributions

You can organise to make extra contributions through your payroll or download a *Personal Contribution Notice* form from our website – where you can also access a number of calculators to help you work out your potential retirement amount, or the impact additional contributions may have.

You can always contact the Nationwide Super team if you need any help, or we can put you in touch with a Super Adviser, who will explain the different ways you can contribute to super and help you choose the right options for your particular circumstances.

Super rates and threshold for 2018/19 confirmed

The Australian Taxation Office (ATO) has released the key superannuation rates and thresholds for the 2018/19 financial year.

- **Concessional contributions cap – the cap will remain at $25,000 for the 2018/19 year.**

Concessional contributions are contributions that you or your employer make to your super with before-tax income or claim as a tax deduction. They are also referred to as employer or before-tax contributions.

- **Non-concessional contributions cap – the cap for 2018/19 will remain at $100,000.**

Non-concessional contributions are contributions you or your spouse make to your super from your after-tax income. They are also referred to as personal or after-tax voluntary contributions. Anyone that has super worth over $1.6 million is not be eligible to make non-concessional contributions to super.

- **Superannuation Guarantee (SG) – the SG rate remains at 9.50%, with the maximum super contribution base for 2018/19 increasing to $54,030 per quarter.**

SG contributions are the compulsory contributions which most employees are eligible to receive, paid by their employer to super on their behalf.

- **Superannuation co-contribution – the maximum co-contribution entitlement for the 2018/19 year remains at $500. The lower income threshold (for full entitlement) increases to $37,697 and the higher income threshold (cut-off for eligibility) increases to $52,697**

The super co-contribution is designed to help lower income earners save for their retirement by providing a government top-up where an eligible person makes a personal contribution to super.

- **Preservation age – to meet preservation age during 2018/19, your date of birth must be 30 June 1962 or earlier.**

Super is preserved for your retirement and has government-placed restrictions on when it can be accessed. Some conditions for accessing super rely on a person firstly reaching their preservation age.

- **Superannuation benefits caps – the low rate cap amount for 2018/19 will increase to $205,000.**

The low rate cap is the amount that is able to be withdrawn tax-free over a lifetime for people that have reached their preservation age (see below), but are not yet 60 (when super withdrawals become entirely tax-free) – please note other eligibility criteria apply for making a withdrawal.

- **Capital Gains Tax (CGT) cap amount – the CGT cap amount for 2018/19 increases to $1,480,000.**

The CGT cap is the lifetime super contribution limit for proceeds from the disposal of eligible small business assets.

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For more information...

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