

An employer's guide to making sense of **Choice of fund legislation**



Contents

Choice of fund: an introduction to what you need to do from 1 July 2005	1
Step 1 – Familiarise yourself with the standard choice form	2
Step 2 – Distribute standard choice forms	4
Step 3 – Check the standard choice forms your employees return to you	7
Step 4 – Implement an employee's valid choice	9
Other issues to consider	10
In summary	13
So where to now?	14

Choice of fund: an introduction to what you need to do from 1 July 2005

In Part 1 of *An employer's guide to making sense of choice of fund legislation* we explained what you can do to prepare your organisation or business for choice of fund prior to 1 July 2005, when the new legislation comes into effect. As a result of that guide, you should now be familiar with:

- how choice of fund works
- which of your employees need to be offered a choice in accordance with the legislation
- which fund you will contribute to on behalf of employees who do not exercise choice
- what information you are required to keep track of
- the importance of reviewing your systems and going over your procedures for new employees.

This second – and final – part of the guide has been designed to give you the information you need to comply with choice of fund from 1 July 2005. It explains:

- how you are required to offer eligible employees a choice
- the standard choice form in detail, including information on when you must distribute the form to eligible employees
- the information your employees are required to give you about their chosen fund
- what you must do to implement an employee's choice
- other issues you need to consider.

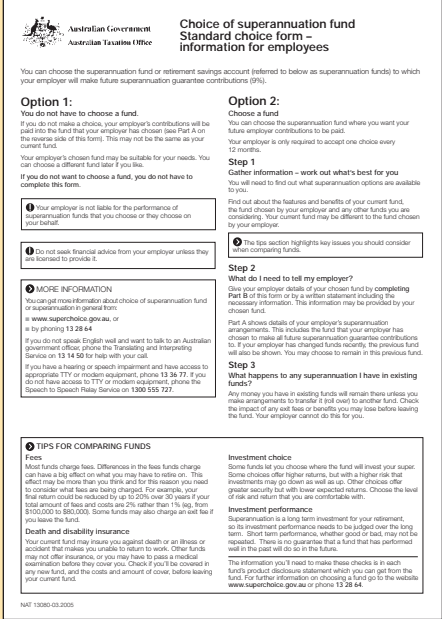
This information is presented as a series of steps you should take to offer the employees for whom you are not already meeting your choice of fund obligations a choice in accordance with the legislation.

Step 1 – Familiarise yourself with the standard choice form

Once you have determined which of your employees need to be offered a choice in accordance with the choice of fund legislation, you will know who you need to provide with a 'standard choice form'. The standard choice form is the means by which you will give your eligible employees the chance to select a super fund. The form must be distributed within certain timeframes, as prescribed in the legislation (see page 4 for details).

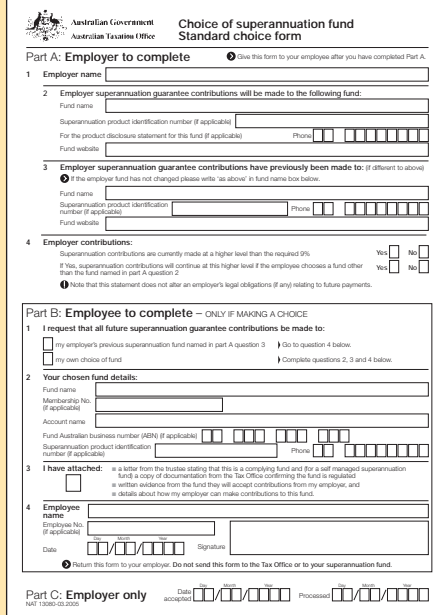
In this section, we look at the standard choice form in detail.

The standard choice form



The front page of the standard choice form is titled 'Choice of superannuation fund - Standard choice form - information for employees'. It is issued by the Australian Government Australian Taxation Office. The form provides information for employees to choose a superannuation fund or retirement savings account. It includes two options: Option 1 (Do not have to choose a fund) and Option 2 (Choose a fund). Option 1 states that if an employee does not make a choice, their employer's contributions will be paid into the fund that the employer has chosen. Option 2 states that if an employee chooses a fund, they must choose one every 12 months. The form also includes a section for 'MORE INFORMATION' and a section for 'TIPS FOR COMPARING FUNDS'. The 'TIPS FOR COMPARING FUNDS' section includes information about fees, death and disability insurance, and investment choice.

Front page of standard choice form



The back page of the standard choice form is titled 'Choice of superannuation fund - Standard choice form'. It is issued by the Australian Government Australian Taxation Office. The form is divided into two parts: Part A (Employer to complete) and Part B (Employee to complete - ONLY IF MAKING A CHOICE). Part A includes sections for 'Employer name', 'Employer superannuation guarantee contributions will be made to the following fund', and 'Employer superannuation guarantee contributions have previously been made to:'. Part B includes sections for 'I request that all future superannuation guarantee contributions be made to:', 'Your chosen fund details', 'I have attached:', and 'Employee name'. The form also includes a section for 'Part C: Employer only' with checkboxes for 'Data accepted' and 'Processed'.

Back page of standard choice form

The standard choice form is an approved form under the *Taxation Administration Act 1953* (Cwlth) – because of this, the content and format of the double-sided form have been prescribed by the Australian Taxation Office (ATO).

The front page of the form contains information for employees. It outlines an employee's options, as well as tips for comparing funds. It also explains where employees can go for further information about choice of fund, or superannuation in general.

This page also highlights some important notes that are relevant to employers, as follows:

1. under the legislation, an employer is not liable for the performance of the super fund which the employee chooses or which the employer chooses on their behalf
2. employees should not seek financial advice from their employer, unless the employer is licensed to provide such advice
3. it is the responsibility of employees who exercise their choice to transfer any superannuation they have in their existing fund to their chosen fund if they wish to do so (this is because choice of fund only applies to SG contributions employers make from 1 July 2005).

The back page of the form is divided into three parts:

1. Part A – Employer to complete

This is the section you need to fill in with, among other details, information about your employer fund (also known as the 'default' fund) or, for employees covered by a Federal or Territory industrial award, a fund named in the award. This is where you will pay the SG contributions of eligible employees who do not exercise their choice.

To help our VicSuper participating employers meet their choice of fund obligations, VicSuper is making standard choice forms available to employers who are using VicSuper Fund as their employer fund. A sample of this form, which contains VicSuper Fund's details, is contained in the back of this guide.

VicSuper is also preparing information about VicSuper Scheme for you to give to your employees with the standard choice form. To request copies of this information, or additional copies of the form contained in this guide, please contact your account consultant. Alternatively, you can contact the Member Centre on **1300 366 216**.

2. Part B – Employee to complete

If an employee is making a choice, they need to fill in the details of their chosen fund here. This part also outlines the information the employee needs to provide.

3. Part C – Employer only

Employers are required to fill in this part with the following dates:

- the date they accepted a correctly completed standard choice form from an employee
- the date they processed, or acted on, the form.

Filling in these dates will help you keep track of information you are required to record to show that you have complied with your choice of fund obligations.

Note: Eligible employees may exercise their choice in one of two ways, as follows:

1. by completing the standard choice form, or
2. providing you with written information about their chosen fund.

This written information may be gathered by the employees themselves or provided by their chosen fund – either way, the employee's notification must be signed by the employee. VicSuper has developed a 'choice nomination form' for employees wanting to choose VicSuper Fund. To request a copy, your employee can contact the Member Centre on **1300 366 216**. Alternatively, they may download the form from www.vicsuper.com.au

Step 2 – Distribute standard choice forms

Making sense of the terms

Defined benefit scheme members who would be entitled to the same resignation, retrenchment or retirement benefits even if their employer contributed to another fund

This term refers to defined benefit fund members who:

- automatically became members of the fund upon commencing with their employer, and
- at resignation, retrenchment or retirement would be entitled to a lump sum or pension based on their salary at the time they ceased employment with their employer, eg eight times their final average salary.

This exemption does not apply to employees whose resignation, retrenchment or retirement entitlements would change as a result of them choosing another fund, eg from eight times their final average salary to accrued benefits indexed to the consumer price index.

Making sense of the terms

Defined benefit scheme members whose scheme is in surplus

This exemption applies to defined benefit scheme members who since 30 June 2005 have continuously been a member of a defined benefit scheme that has been continuously in surplus from 1 July 2005.

Employers do not need to give such employees a standard choice form if there is an actuarial certificate showing the scheme is in fact in surplus.

Choice of fund legislation specifies timeframes in which you must distribute standard choice forms to employees who must be offered a choice in accordance with the legislation. These timeframes vary according to the employees' circumstances, as follows:

When to distribute standard choice forms

If your employee ...	then they must receive a standard choice form ...
is employed by you at 1 July 2005	by 29 July 2005
joins your company after 1 July 2005	within 28 days of them commencing employment
requests a form	within 28 days of their request
has their SG contributions paid into your employer fund <i>and</i> you change this employer fund	within 28 days of the change
has already chosen a fund but you are unable to contribute to the fund	within 28 days of you becoming aware that you cannot contribute to the fund
has their SG contributions paid into a fund that no longer meets the requirements	within 28 days of you becoming aware that the fund no longer meets the legislative requirements

Note: These timeframes operate separately from the quarterly SG payment deadlines, which still apply. For example, SG contributions for the July to September 2005 quarter must still be paid by 28 October 2005.

When you are not required to distribute standard choice forms

In April 2005 the ATO confirmed that where an employee has made a valid choice (as detailed below) before 1 July 2005, the employer will not have to provide the employee with a standard choice form by 29 July 2005.

The following conditions must be met in order for the employee's choice to be valid:

- the employee already has choice without restrictions
- the employee provides their employer with written notification of their chosen fund and includes all the required information, as outlined on page 7
- the employee's chosen fund is a complying fund to which you can contribute on the employee's behalf.

Note: Even if you are already paying into a fund chosen by your employee, they can still request a standard choice form from you. In this case, you must provide the employee with a standard choice form within 28 days of their request.

The ATO has advised that you do not have to wait until 1 July 2005 to distribute standard choice forms to your eligible employees – if you wish, you can distribute the forms now.

According to further proposed amendments to the legislation, the Government has outlined other circumstances in which you may not need to provide employees with a standard choice form. These include:

- An employee ceases their employment with you before the time you are required to give them a standard choice form (see table opposite).
 - Part of the employee's conditions of employment is that they must choose the fund to which you will make superannuation contributions on their behalf. This exemption would only apply if this has always been required of all your employees, and if in the event that an employee fails or refuses to make a choice, you do not have an arrangement to contribute to a fund other than one chosen by the employee (see below for further details).
 - An employee is a defined benefit fund member and:
 - would be entitled to the same resignation, retrenchment or retirement benefits even if their employer contributed to another fund, or
 - their defined benefit scheme is in surplus, or
 - they have reached their maximum benefit accrual.
- See panels on pages 4 and 5 for further details.

Q: I already offer unlimited 'choice' to my employees as a condition of employment. What do I have to do if an employee does not make a choice?

A: To meet your SG obligations, you must pay your employee's super to a complying fund, even if they have not made a choice. According to a proposed amendment to the choice of fund legislation, once you contribute to a fund (including the Superannuation Holding Accounts Special Account or SHASA) other than one chosen by the employee, or you make arrangements to do so, you must give the employee a standard choice form that names the fund you intend to contribute to on the employee's behalf.

The Government has also proposed an amendment that would, for a limited time, allow employers to use SHASA as an employer fund. This means that they may be able to pay the SG contributions of employees who do not exercise their choice into SHASA until 1 July 2006, from which date the account will be closed to new employer deposits.

Q: Do I need to distribute standard choice forms to casual employees?

A: If you (as opposed to an employment agency for instance) are paying SG contributions on behalf of a casual employee and they are employed by you at 1 July 2005, then you must provide them with a standard choice form by 29 July 2005 if you are not already meeting the legislative requirements for them.

According to advice from the ATO, casual employees who commence employment with you after 1 July 2005 and are eligible for a choice only need to be provided with a standard choice form within 28 days of an SG obligation arising for them (if they are still employed by you at the time), not within 28 days of them commencing employment with you.

Making sense of the terms

Defined benefit scheme members who have reached their maximum benefit accrual

This term refers to defined benefit scheme members who, at the start of the quarter, have accrued benefits that will not increase other than because of:

- an increase in the employee's salary or remuneration, or
- an increase in benefits due to investment earnings or indexation, or
- any other way prescribed in the regulations.

Source: The Association of Superannuation Funds of Australia Ltd (ASFA) Employer Fact Sheet

Note: These exemptions do not apply to members of unfunded public sector superannuation schemes as, generally, they would not be entitled to a choice in the first place. In Victoria, these include the following State Superannuation Fund (SSF) schemes:

- Revised Scheme
- New Scheme
- State Employee Retirement Benefit (SERB) Scheme
- Transport Scheme.

Note: It is not your responsibility to chase up standard choice forms; it is up to your employee to return the form to you if they wish to choose a super fund.

Q: Can I email my employees a standard choice form or do I have to physically give them one?

A: You can send employees (for whom you are not already meeting your obligations) a standard choice form via email as long as you keep a record of all the employees who have been sent a form in this way as well as the date you emailed the standard choice form – this will help you confirm that you have fulfilled the requirement of giving employees a form within the relevant timeframe.

However if your employee makes a choice, they must print a hard copy of the standard choice form and then complete it in writing before returning it to you.

Q: Once I have given an employee a standard choice form, how long do they have to complete it?

A: The legislation does not specify any time limits within which an employee must return their standard choice form. Also, it is not compulsory for employees to return the standard choice form to you – this means that if they prefer, they can choose not to fill in the form.

What should you do while you are waiting for your employees to return their standard choice forms?

Once you have distributed a standard choice form to an employee, they are responsible for completing the form and providing you with all the required information about their chosen super fund (as detailed on the next page). Until they do this, or if they choose not to complete the form, you should pay their SG contributions into the employer fund you listed in Part A of the standard choice form.

Q. What happens if I can't pay into my employer fund on behalf of an employee?

A. The Government has proposed to amend the choice of fund legislation so that an employer who specifies a fund on the standard choice form, ie their employer fund, that turns out to be a fund to which they cannot contribute on an employee's behalf, the employer will not incur a penalty (see page 12 for more information on penalties that apply under choice of fund) as long as they provide the employee with a standard choice form within 28 days of them becoming aware of the problem.

Step 3 – Check the standard choice forms your employees return to you

If your employee completes a standard choice form, you must determine if you can accept it. As prescribed in the choice of fund regulations, employees must provide their employers with specific written information about their chosen fund, including details on whether you are required to be a participating employer of their chosen fund before you can make contributions on their behalf.

So if an employee gives you a completed standard choice form or informs you of their choice separately in writing, the first thing you need to do is confirm that they have provided all the required information.

Your employee's chosen fund may issue this information; alternatively, the employee can collect the necessary details from the fund and pass them on to you.

Written information your employees are required to give you about their chosen fund

If your employee advises you of their chosen fund *either* before or after 1 July 2005, they must provide you with *all* of the following information about their chosen fund:

- the fund's contact details
- written evidence that the fund will accept the SG contributions you make on their behalf
- their account name and membership number in the fund
- the full name of the fund
- the fund's Australian Business Number (ABN), if applicable
- if the fund identifies its products by a Superannuation Product Identification Number (SPIN), that number
- a letter from the trustee of the fund that confirms the fund is a complying super fund
- details of the methods by which you can make payments to the fund
- if they are choosing a self-managed superannuation fund, evidence from the ATO that it is a regulated super fund.

Making sense of the terms

Employer-sponsored fund

An employer-sponsored fund is a fund that has at least one participating employer. Participating employers enter into an agreement with the trustee of the employer-sponsored fund to pay the superannuation contributions they make on behalf of their employees to the fund. In doing so, they agree to comply with the terms and conditions of the arrangement they have entered into.

Making sense of the terms

Public offer fund

These funds offer superannuation services to either individuals or employers on a not-for-profit or commercial basis. Any individual or employer eligible to make or receive one or more of the superannuation contributions accepted into the fund can join a public offer fund.

Q: When can I reject an employee's choice?

A: You can reject an employee's choice if:

1. they have not supplied you with all the required information

If your employee has not given you all the required written information about their chosen super fund, then they have not made a 'valid' choice and you will not be able to action their request. This means you should continue paying their SG contributions to the employer fund listed in part A of the standard choice form, until they provide all the required information and their choice takes effect

2. they have chosen another fund within the last 12 months

If your employee has given you all the required information but has also chosen another fund within the last 12 months, you can decide whether to comply with their choice – while you may still choose to action their request, you are not obliged to

3. the employee's chosen fund is an employer-sponsored fund that requires you to become a participating employer of the fund and you are not willing to do this

See below for further details.

What can you do if your employee chooses a super fund that requires you to become a participating employer of the fund?

Choice of fund legislation does not compel employers to become participating employers of all super funds their employees may choose, but you can become a participating employer of more than one fund.

Unlike VicSuper Fund, certain super funds require their participating employers to follow set rules, eg some funds require participating employers to make monthly contributions to the fund. This may be a problem for employers who pay their SG contributions quarterly.

If your employee's chosen fund requires you to become a participating employer and you prefer not to, your employee has the following options:

- if applicable, they can join a public offer benefit plan with their chosen fund, eg VicSuper Beneficiary Account; any employer can pay SG contributions into a public offer benefit plan on their employees' behalf without being a participating employer of the fund,
- they can choose another fund, or
- they can stay with your employer fund.

Step 4 - Implement an employee's valid choice

Once you have confirmed that your employee has provided you with all the required information about their chosen fund, you must ensure that this fund becomes their chosen fund within two months of you receiving their notification.

The following example shows how this works.

Example

John is eligible to make a choice in accordance with the choice of fund legislation. When his employer gives him a standard choice form he researches different funds and decides on VicSuper Beneficiary Account, which is not his employer's employer fund. He gives his employer a completed standard choice form on 15 July 2005.

John's employer checks his form and verifies that it has been filled in correctly, and that John has provided all the required information about VicSuper Beneficiary Account. This means that John is considered to have chosen VicSuper Beneficiary Account on 15 July 2005 and that the fund must become his chosen fund by 15 September 2005 – after this date, his employer must pay all John's SG payments into VicSuper Beneficiary Account. However, if they are able to, John's employer may prefer to begin making payments to his chosen fund prior to this date.

The employer can no longer contribute to their employer fund after 15 September 2005 for John and still meet their SG obligations.

Source: The Association of Superannuation Funds of Australia Ltd (ASFA) Employer Fact Sheet

Q: How do the choice of fund rules fit in with the quarterly SG cut-off dates?

A: The quarterly SG payment deadlines still apply when choice of fund comes into effect. Therefore you still need to meet the deadlines, even if your employee has chosen another fund but has not yet provided you with all the information you require to begin making payments to the fund. In this case, you would need to submit the SG contribution for this employee to your employer fund as listed on the standard choice form you give eligible employees.

Other issues to consider

Your employee's pre-1 July 2005 contributions

Choice of fund only applies to the compulsory SG contributions you make on your employees' behalf from 1 July 2005. If your employee wishes to transfer their pre-1 July 2005 contributions – including any voluntary contributions they have made (such as salary sacrifice) – to their chosen fund, they can organise this in one of two ways.

1. Rolling over benefits to other funds

Your employee can close their account in the other fund and roll over their benefit to their chosen fund at any time if they meet the criteria of the other fund. To check whether they fulfil the requirements, your employee should contact the relevant fund.

If your employee is unable to close their account in the other fund, or only wants to roll over part of their benefit, they may be able to transfer their pre-1 July 2005 contributions under portability legislation.

2. Portability

Portability legislation allows your employee to request a full or partial rollover from their account in one fund to another complying superannuation fund if they are an inactive member for portability purposes, ie the fund has not received any SG contributions on their behalf in the six months prior to the rollover.

Note: The Government has proposed that the legislation be amended to allow members wanting to change funds to request a partial or full rollover from their old fund within 90 days of the date on which the fund last received a SG contribution on the member's behalf.

A super fund can refuse a partial rollover request where:

- the remaining balance in the employee's account after the rollover would be under \$5,000, and
- the fund has complied with the employee's request to roll over an amount in the past 12 months.

If your employee chooses either options 1 or 2, they should consider any exit fees they will be charged as well as the effect on any insurance cover they have with their current fund.

Q: My employee is salary sacrificing into their existing fund. If they choose another fund, should I start sending these contributions to their preferred fund?

A: Choice of fund only applies to the compulsory SG contributions you make on behalf of your employees from 1 July 2005. So while you may choose to send your employee's salary sacrifice contributions to their chosen fund, you are not obliged to under the legislation.

Potential insurance gaps

If your employee chooses to leave one fund in favour of another, there may be a period during which they have no insurance cover. This is because each fund's insurer may have different provisions regarding when a member's insurance cover begins and ends.

Because of this it's important to, as a minimum, know when the insurance cover provided through your employer fund begins and when it ends. This will help ensure that your employees are aware of how changing funds may impact on their insurance cover with the fund they are opting out of.

Insurance offered through VicSuper Scheme

For members who join VicSuper Scheme by default

VicSuper Scheme members who join the fund at the same time they start with their employer are automatically covered for one unit of unit-based death and disability cover from the date they begin employment with their VicSuper participating employer (provided they meet the conditions of the Insurer's policy) to the earliest of the following situations:

- two years have passed since they stopped employment
- there are insufficient funds in their account to meet their premiums
- they advise VicSuper that they would like to cancel their cover
- they leave VicSuper
- they turn age 65
- VicSuper has received no SG contributions on their behalf for a full financial year (unless their employer has notified us that they are on leave without pay). In this case, cover ceases on 28 July of the following financial year
- they die.

For members who elect VicSuper Scheme under or in accordance with choice of fund legislation

Members who elect VicSuper Scheme under choice of fund become members of the fund from the first day of the period for which VicSuper first receives SG contributions on their behalf. The member's insurance cover also commences on this date.

Example

Miriam is offered choice of fund in accordance with the new legislation and chooses VicSuper Scheme. She notifies her employer of her choice on 15 July 2005. Having verified that she has provided all the required information about VicSuper Scheme, Miriam's employer makes a payment to the fund on her behalf on 15 October 2005. This contribution is for the quarter beginning on 1 July 2005 and ending on 30 September 2005. This means that Miriam is a member of VicSuper Scheme, and is covered for one unit of death and disability cover, from the beginning of the quarter, ie 1 July 2005.

These same rules may not apply to insurance cover provided through other super funds. For instance, according to another super fund's insurance policy, a member may only be insured from the date their employer makes their first SG payment.

So if you have an employee who leaves VicSuper to join such a fund, this employee may not be covered for the period between the date they exit VicSuper Fund and the date you make their first SG payment to the other fund.

Note: The arrangements for insurance offered through VicSuper Beneficiary Account are different. VicSuper Beneficiary Account members do not receive automatic insurance cover, but can apply for up to 10 units of cover (subject to the Insurer's approval). For more information, please contact our Member Centre on **1300 366 216**.

Making sense of the terms

Superannuation guarantee charge (SGC)

The SGC is a charge payable to the Government by employers who do not pay the required superannuation (SG) contributions to their employees and thereby fail to meet their superannuation obligations. It is set at the level of the unpaid contribution plus an administration charge and a financial penalty.

Source: *The Oxford Dictionary of Australian Investment Terms INVESCO Online Version 3.0*

Penalties for not complying with choice of fund

Employers who do not comply with their choice of fund obligations may attract a penalty known as the 'choice shortfall', which is part of the superannuation guarantee charge. An employer may be subject to the choice shortfall if they have:

- not given their employees a standard choice form within the required timeframe
- paid SG contributions to a complying fund on behalf of an employee, but the fund is not the employee's chosen fund.

The choice shortfall is roughly equal to 25% of the SG contributions that are paid to the wrong fund. To avoid paying the choice shortfall therefore, an employer must pay sufficient SG contributions to an employee's chosen fund, or where no chosen fund exists, to the employer fund referred to in the standard choice form.

The choice penalty will be capped at \$500 per employee for a 'notice period'. The notice period will start on one of the following dates:

- 1 July 2005, when choice of superannuation fund comes into effect,
- on the day a new employee commences employment with you, or
- at the end of the preceding notice period.

A notice period may consist of multiple quarters.

Can you charge employees for the costs you incur in complying with choice of fund?

The Government has proposed an amendment to the choice of fund legislation that would prevent employers from recouping part or all of the costs associated with complying with the legislation by directly charging or imposing a cost on an employee. If the amendment is passed, such action will result in an increase in the employer's individual superannuation guarantee shortfall for the employee for the quarter.

However this provision does not apply in circumstances in which an employee is financially disadvantaged as a result of a decision they made in relation to choice of fund and in which the employer was not involved.

Check the complying status of super funds you are paying into

It is a good idea to implement a system under which you check the complying status of an employee's chosen fund on a regular basis, eg every year. This is because the complying status of a super fund is not fixed – the Australian Prudential Regulation Authority (APRA), along with the Australian Securities and Investments Commission (ASIC), requires regulated super funds to adhere to certain measures; failure to do so may result in super funds losing their complying status.

Q: How do I check if a super fund is complying?

A: You may verify the complying status of a super fund by checking the Australian Taxation Office's (ATO) Register of Complying Super Funds (ROCS). To access this register:

- go to the ATO's website at www.ato.gov.au/superprofessionals
- click on 'Register of Complying Super Funds'.

To search ROCS, you will need the fund's Australian Business Number (ABN), Super Fund Number (SFN) or the fund name.

Note: If you do not get a listing for 'VicSuper Fund' you may need to search using 'Victorian Superannuation Fund'.

Alternatively, please refer to the 'Letter of confirmation of complying fund status – VicSuper Fund' on the inside back cover of this guide.

In summary

From 1 July 2005

- ☐ Distribute standard choice forms to your eligible employees

By 28 July 2005

- ☐ Ensure that you have met your quarterly SG obligations. Payments should be made as follows:
 - ☐ To your employer fund for employees who:
 - have not completed the standard choice form, or
 - have notified you of their chosen fund but have not given you all the required information in time for you to meet the SG payment deadline.
 - ☐ To a fund nominated in a Federal or Territory industrial award for employees who are covered by the award *and*
 - have not completed the standard choice form, or
 - have notified you of their chosen fund but have not given you all the required information in time for you to meet the SG payment deadline.
 - ☐ To your employee's chosen fund for employees who have:
 - notified you of their chosen fund *and*
 - provided you with all the required information in time for you to meet the SG payment deadline.

By 29 July 2005

- ☐ Ensure that all existing employees who are entitled to a choice in accordance with the legislation have received a standard choice form provided they have not already notified you in writing of their choice.

Note: it may save you time to distribute standard choice forms to eligible employees along with their 'PAYG payment summary' (previously known as a group certificate) for the 2004/05 financial year

Ongoing

- ☐ Ensure that your employee's preferred fund becomes their chosen fund within two months of you receiving notification of the fund, including all the required information
- ☐ Make sure you have enough standard choice forms to meet your requirements (for new employees, employee requests etc)
- ☐ Notify the existing super funds of employees who have chosen another fund of the date from which you will cease to contribute to the fund on the employee's behalf
- ☐ Implement measures to check the complying status of employees' chosen funds each year
- ☐ Meet quarterly deadlines for payment of SG contributions

So where to now?

The new choice of fund legislation represents a significant change to the way in which employers meet their SG obligations. While managing the transition to choice of fund will be a challenge, we hope that this guide has helped clarify the issues you need to consider under the new legislation.

As always, please remember that we are here to provide you with all the superannuation support you require. If you have any questions regarding choice of fund, or any other superannuation matters, please contact your account consultant. Alternatively, you can contact our Member Centre on **1300 366 216**, or visit our website at www.vicsuper.com.au.

The Federal Government has also commenced an education campaign to help employers and employees make sense of choice of fund. For more information, go to www.superchoice.gov.au or phone 13 28 64.



Choice of superannuation fund Standard choice form – information for employees

You can choose the superannuation fund or retirement savings account (referred to below as superannuation funds) to which your employer will make future superannuation guarantee contributions (9%).

Option 1:

You do not have to choose a fund.

If you do not make a choice, your employer's contributions will be paid into the fund that your employer has chosen (see Part A on the reverse side of this form). This may not be the same as your current fund.

Your employer's chosen fund may be suitable for your needs. You can choose a different fund later if you like.

If you do not want to choose a fund, you do not have to complete this form.

❗ Your employer is not liable for the performance of superannuation funds that you choose or they choose on your behalf.

❗ Do not seek financial advice from your employer unless they are licensed to provide it.

➤ MORE INFORMATION

You can get more information about choice of superannuation fund or superannuation in general from:

- www.superchoice.gov.au, or
- by phoning **13 28 64**

If you do not speak English well and want to talk to an Australian government officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

Option 2:

Choose a fund

You can choose the superannuation fund where you want your future employer contributions to be paid.

Your employer is only required to accept one choice every 12 months.

Step 1

Gather information – work out what's best for you

You will need to find out what superannuation options are available to you.

Find out about the features and benefits of your current fund, the fund chosen by your employer and any other funds you are considering. Your current fund may be different to the fund chosen by your employer.

➤ The tips section highlights key issues you should consider when comparing funds.

Step 2

What do I need to tell my employer?

Give your employer details of your chosen fund by **completing Part B** of this form or by a written statement including the necessary information. This information may be provided by your chosen fund.

Part A shows details of your employer's superannuation arrangements. This includes the fund that your employer has chosen to make all future superannuation guarantee contributions to. If your employer has changed funds recently, the previous fund will also be shown. You may choose to remain in this previous fund.

Step 3

What happens to any superannuation I have in existing funds?

Any money you have in existing funds will remain there unless you make arrangements to transfer it (roll over) to another fund. Check the impact of any exit fees or benefits you may lose before leaving the fund. Your employer cannot do this for you.

➤ TIPS FOR COMPARING FUNDS

Fees

Most funds charge fees. Differences in the fees funds charge can have a big effect on what you may have to retire on. This effect may be more than you think and for this reason you need to consider what fees are being charged. For example, your final return could be reduced by up to 20% over 30 years if your total amount of fees and costs are 2% rather than 1% (eg, from \$100,000 to \$80,000). Some funds may also charge an exit fee if you leave the fund.

Death and disability insurance

Your current fund may insure you against death or an illness or accident that makes you unable to return to work. Other funds may not offer insurance, or you may have to pass a medical examination before they cover you. Check if you'll be covered in any new fund, and the costs and amount of cover, before leaving your current fund.

Investment choice

Some funds let you choose where the fund will invest your super. Some choices offer higher returns, but with a higher risk that investments may go down as well as up. Other choices offer greater security but with lower expected returns. Choose the level of risk and return that you are comfortable with.

Investment performance

Superannuation is a long term investment for your retirement, so its investment performance needs to be judged over the long term. Short term performance, whether good or bad, may not be repeated. There is no guarantee that a fund that has performed well in the past will do so in the future.

The information you'll need to make these checks is in each fund's product disclosure statement which you can get from the fund. For further information on choosing a fund go to the website www.superchoice.gov.au or phone **13 28 64**.



Choice of superannuation fund Standard choice form

Part A: Employer to complete

➤ Give this form to your employee after you have completed Part A.

1 Employer name

2 Employer superannuation guarantee contributions will be made to the following fund:

Fund name

Superannuation product identification number (if applicable)

For the product disclosure statement for this fund (if applicable) Phone

Fund website

3 Employer superannuation guarantee contributions have previously been made to: (if different to above)

➤ If the employer fund has not changed please write 'as above' in fund name box below.

Fund name

Superannuation product identification number (if applicable) Phone

Fund website

4 Employer contributions:

Superannuation contributions are currently made at a higher level than the required 9% Yes ☐ No ☒

If Yes, superannuation contributions will continue at this higher level if the employee chooses a fund other than the fund named in part A question 2 Yes ☐ No ☐

❗ Note that this statement does not alter an employer's legal obligations (if any) relating to future payments.

Part B: Employee to complete – ONLY IF MAKING A CHOICE

1 I request that all future superannuation guarantee contributions be made to:

☐ my employer's previous superannuation fund named in part A question 3 ➤ Go to question 4 below.

☐ my own choice of fund ➤ Complete questions 2, 3 and 4 below.

2 Your chosen fund details:

Fund name

Membership No. (if applicable)

Account name

Fund Australian business number (ABN) (if applicable)

Superannuation product identification number (if applicable) Phone

3 I have attached:

☐ ☐ a letter from the trustee stating that this is a complying fund and (for a self managed superannuation fund) a copy of documentation from the Tax Office confirming the fund is regulated

☐ written evidence from the fund they will accept contributions from my employer, and

☐ details about how my employer can make contributions to this fund.

4 Employee name

Employee No. (if applicable)

Date / / Signature

➤ Return this form to your employer. Do not send this form to the Tax Office or to your superannuation fund.

Part C: Employer only

NAT 13080-03.2005

Date accepted / /

Processed / /

6 June 2005

To whom it may concern

Letter of confirmation of complying fund status – VicSuper Fund

This letter confirms that:

- VicSuper Fund is a regulated and complying fund within the meaning of the *Superannuation Industry (Supervision) Act 1993 (Cwlth)* – SFN 5003/589/94, ABN 85 977 964 496
- the trust deed of VicSuper Fund permits the acceptance of rollovers of superannuation monies from members
- all amounts transferred into VicSuper Fund will retain their preservation status established in their previous fund. The transferred benefit is fully vested, ie it is credited to the member's personal account
- VicSuper Fund and VicSuper Pty Ltd as corporate trustee of VicSuper Fund are subject to the *Superannuation Industry Supervision Act 1993 (Cwlth)* and the *Corporations Act 2001 (Cwlth)* and are regulated by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC)
- the Superannuation Product Identification Number (SPIN) for VicSuper Scheme is VSP0103AU.
- the Superannuation Product Identification Number (SPIN) for VicSuper Beneficiary Account is VSP0102AU.

VicSuper Pty Ltd ABN 69 087 619 412 has issued this letter in its capacity as Trustee of VicSuper Fund.

Yours sincerely



Bob Welsh
Chief Executive

For further information



Call our Member Centre

1300 366 216 and speak to a VicSuper superannuation consultant between 8.00am and 5.00pm, Monday to Friday



Visit us

VicSuper – Melbourne Advice Centre

Level 6, 90 Collins Street, Melbourne

VicSuper – Geelong Advice Centre

91A McKillop Street, Geelong

VicSuper – Bendigo Advice Centre

15 MacKenzie Street, Bendigo

8.00am to 5.30pm

Monday to Friday

To make an appointment to see a VicSuper superannuation adviser call **1300 366 216**



Send us a fax

03 9667 9610



Write to us

VicSuper

GPO Box 89, Melbourne 3001



Browse our website

www.vicsuper.com.au

Disclaimer

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An employer's guide to making sense of choice of fund legislation is intended to provide general advice only about VicSuper Fund and superannuation matters and is not intended to be used as a substitute for professional advice. As this general advice will not be specific to your own circumstances, you will need to consider if the general advice provided is suitable for your own superannuation requirements before taking any action. You should also obtain a VicSuper Combined Financial Services Guide (FSG) and Product Disclosure Statement (PDS) by calling VicSuper on **1300 366 216** prior to making a decision. Alternatively, you can download a copy of the relevant VicSuper Combined FSG and PDS by visiting www.vicsuper.com.au. These documents will help you understand the features, costs, benefits and risk of contributing on your employees' behalf to the VicSuper Fund benefit plan.

The information on choice of fund is based on the choice of fund legislation as at 6 June 2005 and any explanatory material from Government available at that time. Any amendments to the legislation after that date and any documents or other materials issued by the Australian Taxation Office or other Government agencies after that date could impact on how the legislation is interpreted and administered.

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