

● SUPERANNUATION CHOICE

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Choice of superannuation provides you the opportunity to choose the fund that you want to use to build your superannuation savings. Most employers are required to allow employees to choose the superannuation fund that they wish to have their superannuation guarantee (SG) contributions directed to. To find out if you're eligible, you will need to check with your employer.

If you are eligible but don't choose your own fund, your employer will pay your SG contributions into a default superannuation fund of their choice.

WHO IS ELIGIBLE TO CHOOSE THEIR OWN SUPERANNUATION FUND?

Many employees are eligible to choose their own superannuation fund including those:

- Employed under a federal award.
- Employed under a former state award (notional agreement preserving state award).
- Employed under an award or agreement that does not require superannuation support.
- Not employed under an award or agreement.

Some federal and state public sector employees and members of certain defined benefit funds may not be eligible to choose their own fund. Employees are also not eligible if their employer pays superannuation determined by:

- An industrial award
- Preserved state award
- Federal industrial agreement such as an Australian workplace agreement

HOW CHOICE WORKS

Superannuation choice applies specifically to SG contributions. Your employer can also pay other voluntary superannuation contributions (e.g. salary sacrifice and personal after-tax contributions) to your chosen fund; however, they are not legally required to do so. If your employer decides to not pay your voluntary contributions to your chosen fund, the contributions will be made to your employer's default fund.

If you have a salary sacrifice arrangement with your employer, and your employer agrees to pay these contributions to your chosen fund, you should ensure your written agreement stipulates this.

HOW TO MAKE A CHOICE

Superannuation choice may be initiated by yourself or your employer. In either case you need to complete a Standard Choice Form and give it to your employer. This form is available on the ATO website or from your employer.

OTHER CONSIDERATIONS

- Your employer's default fund often provides a minimum level of insurance cover. If you choose your own superannuation fund you will not have access to this insurance cover. It is important to ensure you have appropriate life insurance cover based on your circumstances before deciding not to be a member of your employer's default fund.
- You may incur additional fees if you change superannuation funds. Fees vary between funds and you should understand the initial, ongoing and withdrawal fees associated with your fund.

REFERENCES



You may wish to refer to the following websites for further information about superannuation choice:

- www.ato.gov.au
- www.moneysmart.gov.au

The information in this document is of a general nature and does not take into account your own financial objectives, circumstances or needs. You should consider your own personal situation and requirements before making a decision.

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