Super guarantee employer obligations

Fast facts

Superannuation (super) is money set aside, generally over a long period of time, to provide for retirement. Super savings may be supplemented by the government age pension. Depending on the amount of super and other assets a person holds, it may replace the age pension altogether.

If you are an employer, you must pay super guarantee for each of your eligible employees in full, on time and to the right fund to avoid the super guarantee charge (SGC).

You must allow your employees to choose their super fund. If they don't choose a fund, or have a stapled fund, you may pay the contributions to your employer nominated (default) fund.

The minimum super guarantee contribution is an amount calculated by multiplying the employee's qualifying earnings (QE) by the current super guarantee rate.

The super guarantee contribution must reach your employees' super fund (with all necessary information for the fund to allocate the contribution to the employee's account) no later than 7 business days after QE day (or payday). There may be longer time to pay in some circumstances. For example, the first contribution for a new starter must be received no later than 20 business days

after the QE day.

Insufficient and late contributions can be costly as the employer will be liable for the SGC.

The SGC is calculated by the ATO, who will issue a notice of assessment (NOA) for payment of the charge. The SGC is tax deductible.

Penalties and interest may apply to employers who do not meet their obligations.

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