

SUPER GUARANTEE PERCENTAGE INCREASE FROM 1 JULY 2021

The Superannuation Guarantee (SG) rate is set to increase to 10 percent on 1 July 2021

The minimum SG rate is currently 9.5 percent. The SG rate is set to increase to 10 percent on 1 July 2021 and then continue to increase by 0.5 percent each year until it reaches 12 percent on 1 July 2025.

Table of SG rate increases

Period	SG %
1 July 2002 – 30 June 2013	9.00%
1 July 2013 – 30 June 2014	9.25%
1 July 2014 – 30 June 2021	9.50%
1 July 2021 – 30 June 2022	10.00%
1 July 2022 – 30 June 2023	10.50%
1 July 2023 – 30 June 2024	11.00%
1 July 2024 – 30 June 2025	11.50%
1 July 2025 – 30 June 2026 and onwards	12.00%

Source: Australian Taxation Office

Who is eligible for superannuation?

Currently SG contributions must be paid for the following employees (subject to some exceptions):

- employees 18 years old and over who are paid \$450 or more (before tax) in a month; and
- employees under 18 years old, paid \$450 or more (before tax) in a month and who work more than 30 hours per week.



However, it was announced in the 2021 budget that the Government plans to remove the \$450 monthly minimum income threshold.

The Government plans to introduce legislation to make this change by 1 July 2022, meaning that more employees will receive SG contributions.

Minimum SG payments generally

The minimum SG payments are calculated as a percentage of each eligible employee's earnings (ordinary time earnings) and must be made to a complying fund and received in the fund by the quarterly due dates, which are 28 days after the end of each quarter.

However, some funds require employers to make contributions monthly.

Employers must pay SG contributions electronically and send the associated information electronically in a standard format to meet SuperStream requirements (subject to some exceptions).

For more information on what is included in ordinary time earnings, contact Employer Assist.

What do employers need to do?

Employers should do the following:

- contact their payroll provider prior to 1 July 2021 to ensure the change will be implemented (ie. SG rate increased to 10 percent) from 1 July 2021.
- review contracts and the type of remuneration structure adopted for each employee:



- Inclusive: If an employee is remunerated through a superannuation inclusive package, the employee's pay may be reduced to accommodate the increase in SG contributions (depending on the terms of the contract and provided this does not result in the employee being worse off compared to their minimum statutory or award entitlements). Alternatively, the employer may decide to increase the employee's total package so that their take home pay does not decrease.
- Not Inclusive: If an employee is paid SG contributions on top of their pay, the employer will need to budget for the upcoming change.
- notify employees of the change.

This article is intended for information purposes only and should not be regarded as legal advice. Please contact Employer Assist for advice.

AAAA Member Benefits

Employer Assist can provide advice to members on employment law matters.

If you require assistance, contact Employer Assist on 1300 735 306 or at aaaa@employerassist.com.au