

Welcome to the latest issue of EmployerNews. This issue, we're putting you in the picture by zooming in on financial advice, taking a quick squiz at ordinary time earnings and putting excess contributions tax under the microscope. We also tell you who the ATO has in its sights for review – careful! It could be you.

We hope you enjoy our autumn edition of EmployerNews. Don't forget we're always delighted to receive your questions, feedback or requests for articles. Just reply to this email.

See you again in winter!



Your obligations in the ATO's sightline

You may face extra scrutiny from the taxman this year, with particular focus on your employer obligations.

The ATO has flagged a focused review of the employer obligations of up to 5,000 businesses.

A review of fringe benefits tax last year reaped the ATO \$717 million, so don't be surprised if they keep digging.

So, if you're in any doubt about your position when it comes to having met your obligations, we recommend you be proactive and do a quick financial health check before the ATO comes knocking on the door.



Eyeing off free money

With the end of the financial year approaching, now is a great time to remind your employees to move those extra contributions up their priority lists so they don't miss out on this year's government co-contribution.

This is where the government matches their after tax contributions up to certain limits. If they are low to middle income earners, they may be eligible for up to \$1,000.

For more information about who is eligible and how the scheme works, download a fact sheet from our website at www.quadrantsuper.com.au



Focus on financial advice

At Quadrant, we are changing the way we offer financial advice.

The background

The financial services sector is in flux. The government has proposed a ban on all commissions for providing financial advice and has also proposed that clients must opt-in every two years to renew their advice arrangements.

This is a good thing because it makes the cost of financial advice transparent. This means clients always know up front how much they're paying for the service they receive.

Changes at Quadrant

We currently provide free financial advice to Quadrant members. However, in light of these – and other – developments, we are changing the way we offer this service.

From 1 July 2011, we will offer advice at two levels – simple advice and personal advice.

For most members, nothing will change.

Simple advice is still free

We will continue to provide simple advice on Quadrant accounts at no extra charge. Our Member Services team will provide this advice over the phone and the cost of this service will be covered by super fund administration fees.

The advice our Member Services team can provide includes:



- contribution strategies
- investment options
- group insurance within the fund
- financial hardship.

If members need simple advice, we can help them get their super sorted – for free – just as we've always done.

Personal advice

If members need personal advice from a Quadrant advisor – for example, a tailored retirement plan or a personal wealth creation strategy – there will be a fee. As a member owned fund, our fees are cost-based, not profit-based. This means we can provide our new financial service packages at extremely competitive rates.



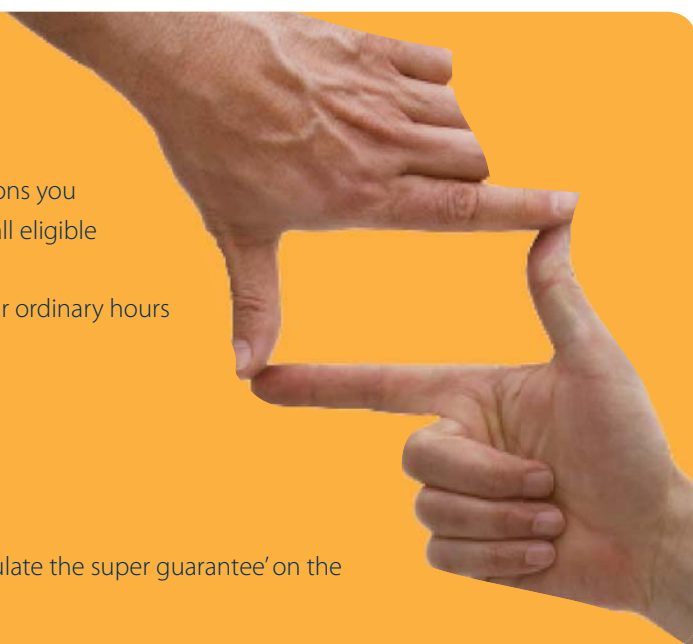
Putting you in the OTE picture

You use OTE to calculate the minimum super guarantee contributions you need to make for your eligible employees. This helps to make sure all eligible employees are treated the same for super guarantee purposes

Ordinary time earnings (OTE) are what your employees earn for their ordinary hours of work. OTE include:

- over-award payments
- bonuses
- commissions
- allowances.

For more information, refer to 'Using ordinary time earnings to calculate the super guarantee' on the ATO website at www.ato.gov.au



Budget snapshot

As expected, there were no headline 2011–12 Budget measures about super.

Key super announcements

Contribution caps – if you are eligible, aged 50 and over and have a total super balance of less than \$500,000, you will be able to contribute an extra \$25,000 in pre-tax (concessional) contributions each year. That is, your cap will now be \$50,000. This will apply from 1 July 2012. When the general cap increases due to indexation, the higher cap will also increase by the same dollar amount.

This measure directs super tax concessions to those nearing retirement and allows them to build their retirement savings.

Refund of excess concessional contributions – If they're eligible, the government will let your employees

take excess concessional contributions out of their super fund and have them assessed as income at their marginal tax rates, instead of paying excess contributions tax.

This will apply where they have made an excess concessional contribution of up to \$10,000 (not indexed) in a particular year. It is available from 2011–12 and only for the first year a breach occurs.

This is fairer for people who accidentally breach their caps.

Co-contribution – the income thresholds for super co-contributions will stay the same for another year. Your employees will likely be entitled to the full co-contribution if they earn \$31,920 or under and they won't be eligible for a co contribution if they earn over \$61,920.

This may mean lower and middle-income earners will become ineligible through bracket creep.



Look! Quadrant Employer Online

Making life even easier for you to submit your Quadrant contributions

We've traded in the old Quadrant online system for a sleek and contemporary new model to make managing your employer contributions simple and seamless.

In coming weeks, we'll be introducing a new version of Quadrant Employer Online. Our new system is designed to save you time and make it even easier to make contributions.

It's easy to access

Very little will change from how you currently login and you can continue to use your existing login details. All you need to do is enter your current user ID and password. If you have forgotten your password, simply click the 'reset password' button and a new password will be emailed to you. The user ID and password are case sensitive.

What's new?

There are some great new features and enhancements to save you time. You'll see some handy improvements when you are adding new members, updating your details or removing a member. It will also be much easier to link back to our website if you need a quick refresher on a super topic.

Snapshot of features

New employees

You can add a new member at any time via the 'Employer tools' menu option. You can even add a member while you are processing a contribution batch simply by clicking on the 'Add member' button.

Member number

A new member number will be issued immediately and the system will check for duplicates.

Ex-employees

Advise us of any members who have left employment simply by removing their details.

Clone a previous contribution

You can use previous contribution details to pre-fill your contribution amounts. This facility only becomes available after you've submitted the first contribution.

Update your details

You can update your contact details with Quadrant.

Save your work

Juggling five things at once? You can save your contribution batch and come back later to finalise it.

Improved links

You'll find it's quick and easy to link to the Quadrant website.

So, stay tuned for the new and improved Quadrant Employer Online...coming soon!

If you have any questions call our Member Services team on **1800 222 209**.



Keep an eye out – don't let employees contribute too much



Making contributions to super is a good thing. So far, so good. But if your employees contribute more than the limit the law allows (known as a contributions cap), the amount they exceed the relevant cap by is taxed at 46.5% (the excess contributions tax of 31.5% plus the 15% tax that the super fund pays).

- The concessional (before tax) contributions cap is \$25,000 per year for the 2010–11 financial year and 2011–12 financial years.
- If your employee is 50 or over, a transitional concessional contributions cap of \$50,000 per year for the 2010–11 and 2011–12 financial years applies.

Employees need to be careful that they don't accidentally go over the caps.

Because you can pay super to employees' super funds quarterly, there can be a delay between the pay period their contribution relates to and when their super fund receives that contribution.

They may also go over the cap if they lose track of contributions they have made or if there is an extra pay day in a year.

Here's an example from Rod:

Despite my careful planning, the ATO slugged me with a penalty tax because they say I exceeded the concessional contribution cap. I later discovered my employer credited one fortnight's contribution from the previous year at the very beginning of the new financial year. This meant my super fund received 27 fortnights' contributions in the year which pushed me over the cap.

Maximising super is too important to be caught by excess contributions tax. If your employees run their contributions close to the wire or if they are in doubt, maybe do them a favour and suggest they see a financial advisor.

From 2011–12, the government proposes that you will be able to ask for a refund of excess contributions. The refunded money will then be taxed at your marginal rate.

This only applies:

- **to an excess contribution of up to \$10,000**
- **in the first year a breach occurs.**

This is fairer for people who accidentally breach their caps.

At a glance...

The ATO has published the list of key super rates and thresholds for the 2011–2012 financial year covering contributions and benefits, employment termination payments (ETP), superguarantee, and co-contributions.

The document is available on the ATO website at www.ato.gov.au



If you or your employees would like to keep up to date with the latest news in super and retirement, then you'll be keen to get a free copy of our electronic newsletter, every fortnight.

To subscribe, visit www.quadrantsuper.com.au and click on the 'Subscribe to eNews' button.