



Welcome to the latest issue of *EmployerNews*. In this issue, we find out why there's no need to be crabby about the possible SG rise, we have a 'yak' about insurance, we look at the sometimes fishy status of contractors, our tax watch dog lists six common mistakes employers make and we rabbit on about the workplace visits we love so much.

We hope you enjoy our spring 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 summer!

Super – be in it for the long haul

Are your employees worried about their super in a volatile market? The latest round of market volatility may have left a temporary dent in their super balances but history tells us markets always recover. Unfortunately, history also tells us that panic and anxiety can lead to investment mistakes that can cost dearly over the long-term. Here are four ways your employees can avoid bad investment decisions.

1. Stick to your guns

When they have a long term investment like super, they're bound to experience some form of short-term market volatility – they should focus on their long term goals, rather than sweating short-term bumps.

2. Understand how you feel about risk

Their investment strategy should reflect their attitude to risk – for example, investing in growth assets like shares can increase their long-term returns, but it's likely they'll experience short-term fluctuations. A risk profile assessment can help them understand their tolerance to market volatility.

3. Don't try to time the market

Investing would be simple if people could always pick the best time to put their money in and take it out. Remember that time in the market, not timing the market, is the key.

4. Get good advice

If people are really serious about something – whether it's on a sporting field or in business – they seek advice. Building and managing wealth is no different. Your employees might like to talk to a Quadrant financial expert for advice and peace of mind.



SG rise won't sting employers



Some employers are worried that if the proposed super guarantee (SG) increase gets the green light, they will be left to carry the cost.

However, the proposed SG increase will only raise employers' costs in the short term – and then, only slightly, an Association of Superannuation Funds of Australia (ASFA) commissioned report has found.

The increase in the SG from nine to 12% by 2013 would have no adverse impact on employers in the long term and would also benefit the Australian economy, the report says.

Overall economic output is higher when Australians save more, which the increase in SG would achieve, the report says.

Modelling shows that increasing the SG from nine to 12% would have a positive impact on Australia's economy. An increase in the SG would raise real gross

domestic product (GDP) by 0.33% by 2025.

Based on a population estimate of 28 million by 2025, the increase in GDP would amount to an additional \$195 per Australian, compared to not carrying out the proposed reforms. This is an extra \$520 in the hands of every Australian household by 2025, the report says.

This research provides strong support that a move from nine to 12% would not only be good for the retirement futures of current workers but, importantly, it would also not hurt employers in the long term.

While employer costs could increase slightly in the short term, the impact in any given year would be minimal the report said.

The introduction of the SG in 1992 added 1.5% to GDP, according to 2009 figures from the researchers.

Six things to get on top of



The ATO has reminded employers of their super obligations and has set out common mistakes they are seeing. Make sure you're on top of these common errors:

1. not paying enough super contributions for eligible employees
2. missing the quarterly cut-off dates (28 October, 28 January, 28 April, 28 July)
3. not understanding that in some circumstances super should be paid for contractors, even if they quote an ABN
4. not keeping accurate records
5. not lodging a *Superannuation guarantee charge statement* if they have not paid their employees' super to the fund by the due date or don't pay the correct amount
6. not passing on an employee's tax file number to their super fund.

Parrot the number

You must provide your employees' tax file numbers to their super fund within 14 days of receiving them. If you don't, the employees' super contributions will be subject to extra tax and may not be accepted by the super fund (and you may also be penalised).

For more information, visit the ATO website at www.ato.gov.au



Which workers?

There are some employees who may be exempt from receiving super contributions - for example:

- employees paid less than \$450 (before tax) in a calendar month
- employees under 18 years of age and working 30 hours or less per week.

For a full list, refer to 'Employee eligibility' on the ATO website at www.ato.gov.au



The seal of approval — 5 reasons to obtain insurance through us

There are five main reasons why buying death and total and permanent disability insurance or income protection insurance via Quadrant can mean a better deal for your employees than buying similar insurance outside of super. Make sure you and your employees get the best insurance deal.

1. Get a group discount

You know how your basket of groceries always seems to cost more at the corner shop? You can think of super funds as being similar to the big supermarket chains when it comes to buying insurance. Super funds can negotiate group discounts on insurance premiums because of their sheer buying power.

When your employees obtain their insurance on joining Quadrant, they generally receive basic cover and they can top up this up with extra units if they need them.

2. Skip the medical

Most people receive automatic basic cover for their insurance when they join Quadrant, which means their health is not subjected to the intense scrutiny they may experience when they apply for such insurance outside of a super fund.

If your employees choose to take extra cover, they may need to complete a personal health form but, even then,

they may not need to take a full medical.

3. Salary sacrifice insurance

Making contributions to a super fund under a salary sacrifice arrangement means your employees contribute before-tax money rather than after-tax money. This can reduce their taxable income, which may reduce the amount of income tax that they pay. Their insurance premiums are deducted from their super fund account, which means that they're effectively salary sacrificing their insurance premiums too.

4. Claim a tax deduction

This may apply to you if you're self-employed. It may also apply to you or your employees. Under these circumstances, it might be possible to claim a tax deduction for super contributions. Insurance premiums are deducted from your super account. Because they're paid from pre-tax dollars, you're likely getting a 'tax deduction' for your insurance, too.

5. Transfer existing insurance

When you join Quadrant, your employees may be able to transfer their death, disability and income protection cover from their previous super fund to Quadrant.



SG records – don't monkey around

When it comes to super guarantee records, you must keep:

- records showing the amount of super you paid for each employee
- any documents that helped you work out the amount of super you paid
- evidence that you have offered your eligible employees a choice of super fund.

You have to keep your super records for five years and they need to be written in English (or in a format that can be easily accessed and converted into written English).

If you keep electronic records, software and hardware must be available to access them.

Even if you use a clearing house to distribute super to your employees' funds, you're still responsible for keeping enough records of the super guarantee payments you make.



Would you like us to visit your workplace?

At Quadrant, we don't let a little water get in the way. We were delighted to visit Bruny Island to help our friends at Kingborough Council get their super sorted.

After Jared's presentation and a lively chat about co-contributions, salary sacrifice and insurance, the group happily tucked in to the Banjo's muffins Jared had brought along in the Quadrant-mobile.

We understand that not all members need full personal advice.

It's worth remembering that Quadrant offers simple advice at no extra cost to your employees. This advice is still covered by your employees' membership fees.

Members can call our Member Services team at any time on 1800 222 209 for simple advice about their Quadrant accounts.

Simple advice includes answering queries about:

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

Jared, Helen and David are available to your employees by phone and also in the workplace.

The Member Services team also has a strong employer focus. They aim to be responsive to your needs and we encourage you to tell them how they can best help you with this service. Just give them a call on 1800 222 209 or shoot them an email at members@quadrantsuper.com.au and they'll do whatever they can to make super easy for you. They particularly enjoy getting out and about, so why not book in your free workplace visit now?



Pictured: Kingborough Council's Pene Hughes, Executive Manager Organisational Development and John Slockee, Bruny Island Works Unit.

Are your contractors true blue?



The super guarantee is an area of focus for the ATO, right now. If you get it wrong, you can be liable for payments you should have made, and for penalties and interest.

Increasingly, business owners are looking for flexibility in their employment obligations and ways to better manage labour costs.

For some, this means using more contractors than employees. This may make good business sense but it's important to make sure you don't breach your compliance obligations.

The term 'contractor' can be misleading. The fact that a person is described as a contractor or that you and the worker agree that you are in a contract relationship does not necessarily mean that they are an independent contractor for tax and super purposes.

You may have responsibilities under the PAYG and super guarantee (SG) laws, as well as exposure for both workers compensation and payroll tax.

As an employer, if you muck up their SG, you can be liable for significant penalties under state and federal laws. You may have to pay non-tax deductible charges, including administration and interest penalties, if you paid less than the required super guarantee amount for contractors who qualify as employees. Also, your liability for super payments can go back to the time when you first engaged the contractor.

This is something that you should take advice on. Check with a professional that your engagement is a genuine contractor arrangement. Alternatively, you could run your situation through the ATO's, Employee/contractor decision tool.



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