

NEW SUPERANNUATION 'STAPLING' LAWS

WHAT YOU NEED TO KNOW

What you need to know:

- Important changes have been made to Superannuation laws which may affect how employers comply with their super obligations.
- The changes introduce the concept of 'Stapling' where new employees will automatically keep their existing super fund (if they have one) when they start a new job - unless they choose a fund themselves.
- At the time of starting a new job, unless a new employee decides otherwise, employers will need to pay superannuation contributions into the new employees existing fund (known as a 'stapled' fund).
- This means that if a new employee does not nominate a specific super fund to receive their contributions, employers will no longer need to automatically create a new superannuation account in their chosen default fund for that new employee.
- The changes will apply from **1 November 2021**.

Background:

- Employees who start a new job, or who change jobs, are required to nominate a superannuation fund into which the new employer deposits their super. If no nomination is made by a new employee, the employer can set up a new account for that new employee with the usual default super fund used by the employer.
- Many employees do not nominate a fund, which results in new super accounts being set up every time they change jobs. Holding multiple accounts is costly for employees as multiple superannuation accounts held with different funds results in them paying multiple sets of fees, insurance premiums, etc.
- To fix this, laws have been changed to introduced super 'stapling'.

What exactly is 'super stapling'?

- Super stapling is the method through which the new laws create single super account to follow people when they move from job to job. To achieve this, employees will be 'stapled' to a specific super fund.
- The result is that when employees change jobs, super contributions will be paid into their 'stapled' fund, unless they actively nominate a different fund or choose to set up a new fund.

What does this mean for employers?

- From 1 November 2021, your new employees will automatically keep their existing super fund (if they have one) when they start their employment with you, unless they choose a fund themselves.
- This means that if your new employee does not nominate a specific super fund to receive their contributions, you will no longer need to automatically create a new superannuation account in your businesses chosen default fund for that new employee.

When do the changes start? What types of employees are affected?

- The new changes will start from 1 November 2021 and will only apply when you take on new employees.
- Existing employees are not expected to be affected by these changes. You must continue to make their compulsory SG payments into the same super fund account you do today

What do I need to do?

- This will depend on whether a new employee nominates their super fund.
 - a) Where a new employee makes their choice of super fund:
 - If a new employee notifies you of their preferred fund (using the Standard Choice Form), you must make payments into this account.
 - b) Where a new employee does not make their choice of super fund:
 - Where a new employee does not choose a super fund, you will need to contact the Australian Taxation Office (ATO) to see if the employee has an existing super fund – their 'stapled' fund. If they do, you must make payments to this account.
 - If the new employee does not have a stapled fund and doesn't choose a fund, then you must create a new account with your nominated default super fund.

Questions? More information?

- The ATO is currently preparing information to help business understand and comply with the new laws. In the meantime, please contact your local Master Builders office on: (02) 6175 5900