



Superannuation Guarantee contributions

What is the Superannuation Guarantee (SG)?

The SG requires employers to pay compulsory superannuation contributions into a complying superannuation Fund or retirement saving account for their eligible employees. These payments are called **Superannuation Guarantee payments** or employer contributions.

How does this affect me?

From 1 July 2008, all employers in Australia have been required to use ordinary time earnings (OTE) as the earning base for SG purposes. Prior to that time, MilitarySuper was guided by compliance that determined SG using particular salary definitions for superannuation purposes.

Ordinary time earnings encompasses a wider range of payments than salary and includes payments such as disability allowances and completion bonuses. Reimbursement-type allowances and amounts included under Fringe Benefits Tax laws are excluded from OTE. Under the SG legislation, employers are required to contribute the SG rate of OTE to superannuation for their employees.

While the employer contribution (notionally 18%, 23% or 28% depending on length of service) for the MilitarySuper scheme significantly exceeds the current SG rate, it is based on salary for superannuation purposes, not OTE. This means the minimum SG employer contribution may not be achieved for some Members who are in receipt of certain allowances and bonuses. To ensure there is no shortfall, Defence will pay additional employer contributions on the difference between salary for superannuation purposes and OTE.

A quarterly maximum earnings cap is applied to these calculations. Further information is available from the ATO website at ato.gov.au. SG top up payments are made quarterly; however, eligibility one quarter does not guarantee eligibility for the next or any other quarter.

Not all members are eligible for the additional employer contributions. For any enquiries relating to eligibility and how your entitlement is calculated, please see your pay unit representative.

How are they invested?

These contributions are held within your MilitarySuper account and are invested in the same option or combination of options as your regular member contributions. Changes in your investment option(s) automatically include your SG contributions.



Military
Superannuation &
Benefits Scheme

SG payments are made by Defence and are reported to you on your payslip. They will also show on your annual statement; Ancillary statement for DFRDB members and MilitarySuper statement for MilitarySuper members.

Employer contribution amounts can be superannuation payments from your previous employer(s) that the Australian Taxation Office has forwarded to MilitarySuper. Further information including the current SG rate is available at ato.gov.au

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What do I get?

You will get another benefit in addition to a refund of your own contributions to MilitarySuper and the defined Employer Benefit. This additional benefit is only payable as a lump sum, not as a pension. The benefit comprises the SG amount received on your behalf and Fund investment returns.

Investment returns may be negative from time to time, as a consequence the value of the benefit will rise and fall. It is therefore possible that the benefit might be less than the original amount, particularly over a shorter term.

The benefit is subject to tax when it becomes payable, at the same concessional rates that apply to other superannuation benefits.

When can I get the benefit?

Generally, the benefit cannot be paid until you permanently retire from the workforce or on reaching your preservation age. This may be different to the date you claim your MilitarySuper benefit.

Your preservation age is based on your date of birth, as shown in the following table:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960—30 June 1961	56
1 July 1961—30 June 1962	57
1 July 1962—30 June 1963	58
1 July 1963—30 June 1964	59
After 30 June 1964	60

All or part of the benefit may be paid to you earlier, provided you have left the Defence Force:

- if you become totally and permanently incapacitated
- on severe financial hardship grounds
- on compassionate grounds.

You can also claim the benefit if you cease or change employment after reaching age 60. The benefit must be paid out when you reach age 65.

In the event of your death, the benefit will be paid to;

- your dependants
- or
- a dependent person(s) nominated in writing and included in your Will
- or
- your Estate.

Can I rollover the benefit?

You can rollover the benefit at any time, even before you leave the Defence Force.

Please note: Access to the benefit from the rollover institution will be subject to the same preservation conditions as outlined above. Forms can be found on our website under 'Benefit Applications'.

What else could I pay?

There is a range of voluntary contributions (collectively called 'Ancillary Contributions') you can now pay.

Separate factsheets are also available for:

- Additional Personal Contributions
- Salary Sacrifice Contributions
- Transfer Amounts
- Spouse Contributions
- Co-Contributions.

Does this count towards my Maximum Benefit Limit (MBL)?

It should be noted that none of the various Ancillary Benefits count towards the MBL under the MilitarySuper legislation.

How can I get more information?



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