

Super Guarantee (SG) is a legislated obligation for employers to provide superannuation support to Australian workers. The required minimum super contribution is set by the Government and presently sits at 10% of ordinary times earnings. SG contributions are classified as employer contributions, and these amounts count towards the employee's concessional contribution cap (i.e. \$27,500 for the 2021/22 financial year – but this cap may be higher if eligible for catch-up contributions). We detail some important and upcoming changes to the SG rules.

SG Contribution Rates

SG is payable on top of wages or salary to full-time, part-time and casual employees. SG was introduced in 1992 at a rate of 3%, rising to 9% a decade later. As indicated by the table below, the SG rate is now operating at 10% and legislated to increase towards 12% by July 2025. With the SG rate lifting to 10.5% on 1 July 2022, most employees will receive additional SG contributions, unless they are already receiving SG at or above the 10.5% level.

Period	Super Guarantee Rate
Current to 30/6/2022	10%
1/7/2022 – 30/6/2023	10.5%
1/7/2023 – 30/6/2024	11%
1/7/2024 – 30/6/2025	11.5%
1/7/2025 – 30/06/2026 and onwards	12%

It is also worth noting that higher income earners may be subject to the 'maximum super contribution base'. This base indicates the minimum legislated support required, and an employer may pay SG on salary above this level. The limit is \$58,920 per quarter (2021/22). Subject to contracts/agreements, employers do not have to provide the minimum support for the part of earnings above this limit.

SG and Salary Sacrifice

Salary sacrifice amounts to super are also classified as employer concessional contributions. Salary sacrifice is where an individual enters an agreement to forego part of their salary amount – electing to have this benefit paid directly into a superannuation fund. It would be prudent for individuals with existing salary sacrifice arrangements to review their situation, as effective 1 July 2022, a lift in the SG rate may alter the overall concessional contributions being made. This may also apply to those looking at commencing a new salary sacrifice strategy over the coming months.

Furthermore, it is possible that employees under a 'total employment benefit' arrangement, may have their effective salary reduced to offset the upcoming increase in SG entitlements.

SG Threshold of \$450 Per Month Abolished

Presently, employers don't need to pay superannuation for employees who earn less than \$450 before tax per month. This exception to the payment of SG has affected many young, lower income and part-time workers.

Following an announcement as part of the May 2021 Federal Budget, legislation has recently passed to remove this SG threshold from 1 July 2022. In a move that improves the integrity of the retirement system and is set to benefit a substantial amount of employees around the country, individuals will be entitled to receive SG contributions regardless of how much is earned.

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