

Super Choice for employees

Straightforward answers on Super Choice

What exactly is Choice?

On 1 July 2005, Super Choice was introduced, giving many employees the legislative right to choose the superannuation fund into which their employer pays their Super Guarantee (SG) contributions.

Employees eligible for Super Choice (Choice) do not have to exercise this option and can retain their existing arrangements. Employers however, must offer Choice to all eligible employees.

Who is eligible for Choice?

In summary, those currently excluded from Choice of Fund are mainly public sector employees. Although changes may be made in the future to allow Choice for some of these groups, the following individuals don't have access:#

- Employees whose contributions are made to unfunded public arrangements
- Commonwealth employees who are members of the CSS, PSS and employees receiving productivity benefit payments
- People whose contributions are being made in accordance with certain Workplace Agreements or certified agreements under the Industrial Relations Act or Workplace Relations Act
- Individuals for whom contributions are being made in accordance with a state industrial award or registered industrial agreement, ie not implemented by a corporation subject to Commonwealth jurisdiction
- People whose contributions are being made under a prescribed law (such as where the contributions are made to an unfunded public sector scheme or under a state industrial award), and
- Defined benefit fund members who would still get retrenchment and retirement benefits if their employer paid future contributions to another fund.

If you are unsure whether you are eligible for Choice, talk to your employer or visit www.wagenet.gov.au.

What type of contributions does Choice apply to?

The Choice legislation only applies to the SG contributions paid by your employer. It does not apply to salary sacrifice, voluntary, additional employer or spouse contributions.

If your employer contributes an amount above the SG requirement, which is currently 9 per cent per annum, then they can decide which super fund these additional contributions are paid into.

Your employer may agree to pay these extra contributions into the fund that you choose, but is not obliged to do so.

Do I have to choose a new super fund?

You do not have to make a choice. However, if you decide you would like to change super funds, you have the freedom to do so.

Please note: you may apply to change super funds as often as you wish, however your employer is only obliged to accept a nomination once every 12 months.

If you do not make a choice, your SG contributions will be paid into the 'eligible default fund' selected by your employer (for all employees). This fund may be your existing employer-sponsored super fund, eg AXA's Super Directions for Business.

If you do think about choosing a new super fund, make sure you check the features provided by your current fund. Moving funds may impact your current benefits. Some of the benefits of your current fund may be:

- cheaper fees because you are part of a group super fund arrangement with your work colleagues
- access to insurance without the need for underwriting (eg individual health assessment), and
- cheaper insurance premiums (due to being part of a group insurance offer) than individual insurance contracts.

Correct at time of publishing.



What should I be aware of before moving super funds?

Make sure you have all of the necessary information before making a decision.

You should be aware that you may lose some insurance benefits, incur unnecessary fees and charges, and as a result be unhappy with your choice.

Your financial adviser can help you look at your current financial situation, future needs and goals – helping you to make an informed decision.

What must my employer do?

If you are eligible for Choice, and you would like to exercise Choice, your employer must provide you with a standard choice form upon request.

If you start employment with a new employer, that employer must provide you with a form within 28 days of your employment commencement date.

The standard choice form includes:

- step by step instructions on how to make a choice
- details of the default fund that your employer has nominated
- a section for you to provide details of the fund into which you wish your SG contributions to be paid, and
- instructions on the additional information you must provide should you nominate a new fund.

Your employer must then act on your choice within two months and pay your SG contributions into your chosen fund.

If you don't make a choice, your employer must pay your SG contributions into the employer's default fund.

How do I make a choice?

You need to give your employer written advice about the fund you've chosen. This advice needs to include:

- a completed standard choice form
- a letter from the Trustee of your chosen fund (or the ATO if a self-managed super fund) that confirms it's a complying fund and that it will accept contributions from your employer, and
- a statement detailing how your employer can pay contributions into your chosen fund.

To make things easier, AXA provides a dedicated Super Choice website that features copies of the standard choice form and the associated letters and statements that must accompany the completed form.

Go to www.axafreedom.com.au – Making sense of Super Choice link – Members section – Brochures and forms.

How soon does my employer have to make contributions into my chosen fund?

Your employer has up to two months to act on your written advice.

How often can I make a choice?

You can ask your employer to contribute to a new fund on your behalf as many times as you like. However, your employer is only obliged to act on a request once every 12 months.

I am a member of my employer's fund – what benefits and services are currently available to me?

As a member of one of AXA's Super Directions for Business funds you have access to a range of competitive benefits and services:

- a comprehensive suite of investment options:
 - 9 multi-manager diversified portfolios
 - 6 multi-manager sector portfolios, and
 - 16 individual manager portfolios.
- six free investment switches per year
- the ability to make additional personal or salary sacrifice contributions
- a range of insurance options:
 - Death
 - Death and total and permanent disability
 - Death, total and permanent disability and salary continuance, and
 - Death and salary continuance.
- highly competitive insurance premiums – due to the group cover status
- automatic acceptance levels for insurance cover
- a dedicated superannuation education program
- competitive fees
- access to a professional financial adviser, and
- discounts on selected AXA products and financial services.

For more information about AXA's business super funds go to www.axa.com.au.

Where can I get additional information on Choice?

AXA provides a dedicated Choice website that features detailed information on Choice, what it means to you, the opportunities and risks you should be aware of – and all of the associated documents and forms you require.

Go to www.axafreedom.com.au – Making sense of Super Choice link – Members section.

Choice provides an ideal opportunity to review your superannuation and overall financial planning circumstances. For assistance with making a choice – and your superannuation generally – your financial adviser is the best person to help you.

Important information

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