

# Factsheet

June 2010

## Small employers to benefit from free clearing house for super payments

Businesses with fewer than 20 employees can save time and money with the Federal Government's introduction of a free 'clearing house' for paying superannuation contributions.

This initiative is designed to cut compliance costs for small businesses and will include legal firms with less than 20 employees.

An employee is defined as an individual who is employed on a full-time, part-time or casual basis.

On 12 May, Federal Parliament passed legislation to set up a superannuation contributions clearing house for small businesses through the Medicare network.

The Government selected Medicare to act as the clearing house because its infrastructure can process large volumes of electronic transactions in a secure environment.

Under the new service, employers will make a single electronic payment to Medicare, covering all of their staff superannuation contributions for each pay period.

Medicare is then responsible for distributing the total amount among the various nominated funds of employees.

### Smaller legal firms to gain

The new scheme offers some valuable benefits for law firms with fewer than 20 employees.

- The system is entirely electronic, which eliminates paperwork and saves even more time and money.
- Under the new legislation a firm's Superannuation Guarantee obligations will be met when it pays the correct amount to the clearing house. Medicare takes over responsibility from that point.
- The clearing house will manage employers' choice of fund obligations.

### How to make contributions

Employers will need to register before they can begin making contributions.

The clearing house will be able to take contributions from 1 July and the Medicare website is taking registrations now.

Employers can register their business details online at [www.medicareaustralia.gov.au/super](http://www.medicareaustralia.gov.au/super)

A user ID and password will be sent to the address registered.

Once Medicare has accepted their registration, employers will be able to log back into the system and enter in details of their employees and the employees' chosen fund.

Where the employee's chosen fund is not a self-managed super fund (SMSF), Medicare will use the fund ABN to validate that it is an APRA-regulated fund and to determine bank account details.

For SMSFs, Medicare will check that the fund is able to receive the contribution.

When the employer wishes to make super contributions, they will log into the Medicare system, select the employees they are paying for and enter the contribution amounts.

The Medicare system will then issue the employer with an electronic invoice and an amount to pay.

Once the employer has paid Medicare the correct amount, the money will be forwarded to the designated funds.

Medicare intends to run a daily process to aggregate contributions on a fund basis.

Provided the contributed amount matches the invoiced amount, it is expected that the employer contributions will be distributed to the destination funds within 24 hours of receipt by Medicare.

**For more information, go to [www.medicareaustralia.gov.au/super](http://www.medicareaustralia.gov.au/super)**

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