



**Tasplan
super**

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Media Release

Tasplan is Tasmania's largest multi-industry super fund with over 90,000 members, 8000 participating employers and \$575,000,000 of funds under management

Choice of Super – Don't Be Misled!

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Tasmanian businesses have been warned not to be misled in the period leading up to the introduction of choice of superannuation for some Australian workers in July 2005.

According to the General Manager of Tasplan Super, Neil Cassidy, there are already agents and others 'guiding the lily' by suggesting that employers may be affected by the new law - when in fact they won't!

The new law clearly states that an employer is not required to implement the Choice of Fund requirements if that employer is already complying with an obligation to make superannuation contributions under a state award, a certified agreement or an Australian workplace agreement.

The simple fact is that most of the 4.82 million Australians that the Government estimates may be affected by Choice are working for employers under Federal awards.

According to Cassidy, many employers have been overwhelmed at the possibility of having to contribute to multiple superannuation funds. The look of relief when they learn that Choice won't affect them has been palpable – and it's not surprising! Some estimates put the national business cost of complying with new choice of fund laws at up to \$100 million in the first year.

Issues to be addressed by employers include the distribution of choice forms, changes to induction procedures, processing of choice forms, verification that funds selected are complying funds, changes to payroll systems, outsourcing issues, variable fund business rules – and the list goes on. But the compliance cost is only part of the story. There are a swag of other issues associated with the receipt and processing of employee requests which could prove problematic - from the time it takes to action a change of fund to the point that insurance cover lapses following an employee's nomination of another fund.

But even for those employers under a Federal award, it is no certainty that a large percentage of employees will seek to change superannuation funds once they have the opportunity to do so.

When investment choice was introduced in the 1990s, the overwhelming majority of members in most funds choose to remain in the default investment option (ie not make a decision). This could very well be the same outcome following the introduction of Choice of fund.

Where an employee does not choose to make a decision about super, it will be the 'status quo' with the employer expected to contribute to the 'default fund' nominated in the award

Indeed, employers may be doing their staff a big favour by not being 'pre-emptive', as the experience overseas has been that billions in super has been lost in 'churn' as unscrupulous and commission-driven agents have 'manoeuvred' employee super into (in many instances) lesser performing funds.

Cassidy has urged Tasmanian businesses not to be duped by those who may stand to personally benefit by convincing an employee that a change in super fund might be in their best interests.