

Media Report

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New choice is as clear as soup

Alison Kahler and Chris Wright

Employers are still struggling to comprehend their pensions obligations nine months after the government won political backing for the superannuation laws that come into force today.

Others are struggling with the increased administration.

David Cooper of Sydney-based Hi Tech Gaming already lets his six employees choose their own super and said dealing with four funds was "a headache" until he automated the process. He said it would be

impossible for a company with 100 employees to do the paperwork manually unless it employed a dedicated full-time staff member.

"Every fund has different forms to fill in, some monthly and some quarterly. Just trying to remember which was which was hard," Mr Cooper said.

Some fund managers have launched clearing houses to help reduce the burden for business. Other companies like MYOB have developed computer and payroll systems for employers.

One lawyer says it is unclear

whether employers must include insurance in their so-called default fund. The law says a default fund must "offer" not "provide" insurance. This suggested funds did not need automatic cover but just the option to get it, Blake Dawson Waldron partner Michael Vrisakis said. He raised this issue with authorities months ago but has received no clarification.

Employees are puzzled by their rights and obligations.

"There is a lot of confusion at a consumer level," the chief executive of industry fund

FuturePlus, Brett Westbrook, said. "Our call centre has received a considerable number of telephone calls ... from people trying to get their minds around choice."

Several employers have been shocked to find they have already been in breach of their superannuation obligations.

"People have been reviewing their award arrangements," Mr Vrisakis said. "Employers are finding they've been subject to award obligations for years but haven't actually been complying with them."

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