sage WageEasy

Sage WageEasy
Super setup for employees

Sage WageEasy- Setting up superannuation for employees

Purpose: To explain the various superannuation options available within Sage WageEasy, and what result each option will bring.

Within Sage WageEasy you have 4 options within an employee file. Two of these options are for employer contributions and 2 for employee contributions.

EMPLOYER OPTIONS:

[Award] Employer (Award) or Employer Compulsory Award
Employers must pay the Superannuation Guarantee Levy to the majority of employees. It will generally be 9.5% of ordinary earnings once an employee reaches a gross pay of $450 in a calendar month, unless your association offers something better. This is your default superannuation and the amount that is contributed is determined by what you have set-up in each of your awards.

Ref: "Setup", "Awards", specific award, "Payments", "Superannuation"

Employer Additional Contribution

This is used where the employer chooses to contribute additional payments toward an employee's Superannuation. This is paid outside the gross and tax components of a normal wage so may form part of the employee's salary package.

If you want to include the superannuation components in the package, you can follow the example here.

The employee may have a salary package of $65000.00 including the SGL, wages and an additional 5% superannuation. We would calculate this out to pay the employee at an hourly rate of $28.855 if they worked 38 hours in a week. This figure is arrived at by taking the $65000 / 1.14 (the total amount of the super contribution) to come back to a gross figure of $57017.54. You then divide this by 52 (weeks in a year) and then by 38 (hours in a week). The annual gross wage would be $57017.54 for tax calculations to be based on.

You may choose this option if an employee wants to remain on the same wage rate (for the purposes of calculating all wage entitlements such as overtime) and you contribute the remainder to superannuation. It is different to salary sacrifice as noted later. If the portion is on top of the $65000 you simply calculate and set up in the file as 5% for employer additional and it will calculate on the gross. Therefore the hourly rate would be $65000 / 38 / 52 =$32.8947.

Ref: "Employee", "Payments", "Superannuation", "Add" - choose the type as Employer additional

EMPLOYEE OPTIONS:

Employee Additional Contribution

This is for when the employees choose to contribute toward their own superannuation. This appears after tax on their payslip reducing the amount of their net pay. This has become more common with the introduction of the Government's co-contribution scheme to encourage employees to save for their retirement. This can be set as a % of their salary or as a set amount each pay.

Salary Sacrifice

This option allows the employee to gain a tax benefit through sacrificing a portion of their wage, which is contributed by the employer into their chosen approved Superannuation fund. If I use the example above with a package of $65000 but the employee sacrifices this time the additional 5% we would calculate this out to be $30.1786 per hour. $65000/1.09 (the amount of SGL super) to come back to a gross figure pre salary sacrifice of $59633.03. You then divide this by 52 (weeks in a year) and then by 38 (hours in a week). In this scenario, the employees gross annual wage would be $59633.03 - $3095.24 (salary sacrifice at $65000 / 1.05) = $56537.79 for tax calculations to be based on. The increased hourly rate is what would then be used for calculating penalties such as overtime.

As with the scenario above in employer additional, if the sacrifice is outside the $65000 the hourly rate is $32.8947 and the sacrifice comes out as $3250 per annum.

For further information on superannuation you can visit www.ato.gov.au and go to the Superannuation link.   See adding additional super records fact sheet for step by step instructions.

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