

## SUPER GUARANTEE CHARGE (SGC) INCREASE FROM 1 JULY 2021

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### INCREASE FROM 9.5% TO 10%

On 1 July 2021 the SGC rate will rise from 9.5% to 10%. This means Employees will be entitled to receive 10% superannuation payments on their Ordinary Time Earnings (OTE). Employers will need to ensure that their payroll and accounting systems are updated to incorporate the increase to the super rate.

### WHAT ARE ORDINARY TIME EARNINGS (OTE) ?

In general terms, this may seem self-explanatory – that is, OTE is what an employee earns for their day to day hours of work. However, it is the extra elements to remuneration that can trip up an employer. For example, shift loadings and allowances are included in OTE, but not overtime payments.

### ORDINARY TIME EARNINGS (OTE) INCLUDES:

- Earnings for “ordinary” hours of work. In the case of casual workers, use actual hours worked (not minimum hours stipulated in employment contracts)
- Bonuses that relate to good performance (includes Christmas bonuses)
- Piece-rates where no ordinary hours of work stipulated
- Over-award payments
- Payments in lieu of notice
- Shift loading
- Casual loading
- Annual leave, sick leave, or long service leave
- Allowances (excluding expense allowances and reimbursements and items that are fringe benefits such as a living away from home allowance)
- Commission or bonuses that relate to specific performance criteria
- Directors’ fees
- Workers’ compensation and top-up payments paid in relation to hours worked
- The labour portion only of payments to a contractor who is an employee (that is, contract is wholly or principally for labour of that person)

### ORDINARY TIME EARNINGS (OTE) EXCLUDES:

- Overtime payments for work performed during hours outside an employee’s ordinary hours of work
- Remuneration while on parental leave
- Accrued annual leave on termination of employment
- Long service leave and sick leave paid as a lump sum on termination of employment
- Redundancy and employment termination payments
- Fringe benefits subject to fringe benefits tax
- Workers’ compensation and top up payments paid where no work is performed
- Dividends, partnership, and trust distributions
- Payments for entering into a restraint of trade agreement
- Payments for domestic or private work for the employment of a person for less than 30 hours a week

### FURTHER PROPOSED INCREASES TO THE SGC RATE:

1 July 2022 – 30 June 2023	10.5%
1 July 2023 – 30 June 2024	11%
1 July 2024 – 30 June 2025	11.5%
1 July 2025 – 30 June 2026 and onwards	12%