

CORPORATE SUPERANNUATION

WHAT CAN YOU TELL YOUR EMPLOYEES ABOUT SUPER?

Being asked for advice is recognition that your employees respect your views and knowledge. It can be flattering and you may well know a great deal about superannuation. However, without the necessary authorisation, you need to steer well clear of financial product advice.



Just about anything helpful you have to say will likely fall within the definition of giving financial product advice, and that could land you in very hot water. And it's not just you who needs to be aware of these restrictions. You need to ensure that your HR staff and line managers are also aware.

What are the boundaries?

Financial product advice is a recommendation or statement of opinion that:

- is intended to influence a person or persons in making a decision in relation to a financial product or class of products; or
- could reasonably be regarded as being intended to have such an influence.

The Corporations Act casts a wide net. Financial product advice can include anything you say about:

- joining, or making contributions to, a superannuation fund;
- making additional contributions to a super fund, including by salary sacrifice;
- rolling accumulated superannuation into or out of a fund; and
- selecting particular investment or insurance options within a superannuation fund.

The ability to provide advice is generally restricted to holders of an Australian Financial Services Licence or their representatives. Very few employers, or their staff, fall into this category, and giving financial product advice, even inadvertently, could lead to prosecution.

What can you talk about?

You can provide factual information that does not include a recommendation, an opinion, or an intention to influence a decision. You can provide information about:

- employees' rights and employer obligations;
- how your employees can tell you what superannuation fund or retirement savings account (RSA) they want their superannuation guarantee contributions paid into; or
- the employer fund into which you will pay superannuation guarantee contributions if the employee doesn't nominate a superannuation fund or RSA.
- you can give your employees the Product Disclosure Statement (PDS) of your default superannuation fund. Just don't provide any explanation of the material it contains or attempt to recommend the default fund.

How can you help?

None of this precludes you from helping your employees. You just need to go about it the right way. For example:

- You can refer employees to a licensed or authorised adviser. (and disclose any benefit you may gain from making such a referral).
- You can ask a super fund provider to make a presentation to your employees. Take care, though, that you don't give the impression of either endorsing or disapproving of the fund in question.