

# Behind every great retail business ...

It's all about sales. It's all about marketing. It's all about customer service. Running a retail business successfully is all about a lot of things, but admin is one area rarely discussed in the trade media. This article focuses on available solutions for superannuation, insurance and payroll to keep your business affairs in order.

With all the focus on sales, marketing, supply chain management and customer service, retailers could be forgiven for overlooking the non-revenue-generating aspects of their businesses. Subjects like superannuation, insurance and payroll rarely make the internal marketing newsletter headlines, but they are nonetheless fundamental to businesses – do you know what the required minimum superannuation contribution is? Are you familiar with the new Modern Awards? What insurance package does your business use? The answers to these questions aren't going to immediately help you move product, but they can aid both employers and employees in developing a better understanding of compliance requirements, and methods to streamline some of the fundamental business administration processes.

## Superannuation

The minimum super that must be paid is calculated as nine per cent of an eligible employee's ordinary time earnings. This is known as the superannuation guarantee. Ordinary time earnings are defined as what your employees earn for their ordinary hours of work, including:

- Over-award payments
- Bonuses
- Commissions
- Allowances.

"There are two general regimes for employers to consider with respect to their employees and where to pay their super into," says James Solomons, Partner at Elite Financial Solutions.

"There are those paid under a modern award, and those not paid under a modern award. Employers must first provide their employees with a Super Choice of Fund form which gives each employee the option to direct their employer to pay their superannuation contributions into a fund of their choice.

"If the employer pays an employee under a modern award, they can either pay this employee's super into a fund chosen by that employee or to a fund specified in the relevant modern award (effectively the default fund under the modern award)."

If an employer does not pay an employee under a modern award, then they can pay this employee's super into a fund chosen by that employee or to the employer's chosen default fund. This default fund must be an

eligible fund and must meet minimum insurance requirements.

"Ultimately, it's up to the employer to determine if they are paying an employee under a modern award and what regime they are caught under or if they are caught under both (which is possible)," says Mr Solomons.

Slip up and the penalties can be harsh, so it pays to understand the mire of superannuation payment rules. If an employer breaches a modern award by making super contributions to the incorrect super fund, the Fair Work Divisions of the Federal Court and Federal Magistrates Court may order:

- An injunction to prevent, stop or remedy the effects of non-compliance
- Compensation for loss a person has suffered due to non compliance; and/or
- A fine of up to \$33,000.

An employer may also be in breach of its Choice of Fund obligations under super legislation and therefore liable for the super guarantee charge.

"Some industry-based superannuation funds require payments to be paid monthly in agreement with their own internal rules but this is not a legal requirement and employers can still choose to pay monthly," says Mr Solomons.

"However, to assist with cashflow, paying monthly is not a bad idea given that most small businesses are also paying their quarterly GST and PAYG Withholding liabilities at the same time."

## Choosing the right super fund

At the time of writing, the prescribed funds under the General Retail Industry Award 2010 are:

- a) The Retail Employees Superannuation Trust (REST),
- b) Sunsuper,
- c) Statewide Superannuation Trust,
- d) Tasplan, or
- e) Any superannuation fund to which the employer was making superannuation contributions for the benefit of its employees before September 12, 2008, provided the superannuation fund is an eligible choice fund.

## Tips for choosing default super funds

According to Mr Solomons, an employer does not need to spend time searching around for an individual fund and researching the fund to ensure it is applicable.

If an employer doesn't pay under a modern award and has more than 10 part time/ full time employees, they can also set up a 'Corporate Super' plan through a financial adviser as the default fund. Benefits include:

1. Lodging one contribution form and making one payment,
2. Having access to a qualified financial adviser to assist with employees' superannuation investments
3. Regular reviews by the financial adviser to ensure that employers are 'looking out' for their employees' long-term interests, and
4. Generally, access to life insurance group policies meaning that employees get access to larger amounts of cover with automatic acceptance (ie. no medicals) and the cost of the cover is cheap.

"If an employer pays under a modern award, then their choice of default fund is limited to those specified in the award, which also makes life easier for employers," says Mr Solomons.

## Payroll going mobile

There are plenty of great off-the-shelf products available for managing payroll, and chances are high your business is already using software such as MYOB or Quickbooks to manage payroll and general accounting. One business, Paycycle, is taking advantage of the rising wave in 'cloud computing', offering a payroll system that can be administered remotely by small businesses.

"Paycycle frees business owners from the administrative parts of running their businesses," says Stuart McLeod, co-founder of Paycycle.

"Accessible anytime, anywhere, our new cloud-based payroll service not only saves businesses time and money, but also provides the flexibility to manage payroll quickly and easily from home or on the road."

Fully integrated with the leading online accounting systems, including Xero, users can export their posted pay runs with one click of the mouse. It's a concept likely to gain significant acceptance, given its capacity to be used anywhere there's an internet connection."

MYOB and Quickbooks are also now offered in web-based application form meaning that you no longer have to install the program on your computer.

"This means you can access your files and perform payroll from anywhere you can get on the net," says Mr Solomons of Elite Financial Solutions. "It also reduces the need for backups as it is stored on MYOB's and Quickbook's own servers."

Using a payroll system has obvious advantages in deciphering the complexity of the payroll function, including automating super contributions and calculating any additional payments requested by the employee.

**Insurance**

Trying to cram a meaningful analysis and review of the infinite number of insurance options available for businesses into the space available in this article would require a miracle of biblical proportions! What we can impart to retail business owners is a strong urge to adopt some type of insurance to protect the future of the business should something happen to a senior figure.

Again, there are a multitude of products available – one option is the Suncorp Lifeguard Business Expenses solution. In the event of serious injury or illness, this solution provides a monthly payment to help cover fixed business costs including staff salaries (non-income producing roles), rent on the place of business and interest on borrowings.

To ensure that as a business owner or senior asset to the business you're covered adequately, check out the product best suits by contacting a Suncorp representative. They'll also help with advice on the most tax-friendly and cost-effective structure for your business insurance needs.

Coverage for superannuation is critical too, as is of course general liability insurance. Understanding superannuation insurance obligations is particularly important for business owners.

"Where an employer has chosen a default fund for payment of their employee

superannuation obligations into, they must ensure that this fund offers a minimum level of life insurance death cover to members," says James Solomons of Elite Financial Solutions.

"If the employer nominated super fund does not offer the minimum life insurance for members, they must arrange insurance either with another super fund or with an insurance provider."

There are some instances where employer-nominated super funds do not need to meet life insurance requirements, for example if you:

- Are making contributions under a Federal Award (modern award),
- Arrange insurance cover for your employees outside the super system that includes death cover that is at least equivalent to the minimum insurance requirements,
- Are unable to obtain insurance from the fund normally used in respect of a particular employee due to the employee's health, occupation or hours worked, or
- Contribute to a fund whose governing rules were in place on March 11, 2005 and determined that an amount not less than \$50,000 will be payable in respect of the death of an employee.

Importantly, if an employee directs you to pay their superannuation into a superannuation fund of their choice, then you do not need to ensure that this fund has the minimum insurance cover. 🛒

**General tips**

James Solomons, Partner at Elite Financial Solutions, offers the following retail business administration tips.



- Employers need to keep their payroll and super records up-to-date and processed regularly to ensure they don't fall behind or miss payments,
- Paying super by the month rather than quarterly assists with cashflow planning,
- Keep all records in either hard copy or scanned as in the event of an audit the ATO must be able to see how the calculations were made for each employee and evidence of payments to the fund,
- Ensure all employee Choice of Fund forms are kept on file,
- If using a payroll software package, employers must ensure that an accountant or payroll specialist sets it up so that it is done correctly and a 'new employee' checklist is designed to ensure that all the right boxes are ticked when entered into the system, and
- Employers should regularly visit the ATO website ([www.ato.gov.au](http://www.ato.gov.au)) for updates on their obligations and changes to super.



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