

Please note - we are not financial advisors, so this information is not intended to be and does not constitute *financial advice* or any other advice, is general in nature and not specific to you.

Self-employed people have a wide range of choices when it comes to superannuation. The most important thing to remember is that you can't rely on someone else to pay it for you any more – like everything else, it will usually be your responsibility completely.

First step is to **roll over** your existing superannuation, so that it's all in the same place. This is the best option for making any money that you already have work hard for you until you retire.

<https://www.ato.gov.au/Individuals/Super/Keeping-track-of-your-super/>

Before you consolidate your super funds here are some things to check:

- Are there any termination fees?
- Will you be able to get the same level of insurance in your chosen fund?
- Can existing or future employers or clients contribute easily to your new chosen fund?

Now might be the time to find a **new superannuation fund**. Here are some ideas:

- Find a super fund that allows you to make *irregular, non-compulsory contributions without penalty*. This means you can contribute whatever and whenever you like, as long as you put in a certain amount.
- Shopping around is essential. Make sure you compare and see if the fund is right for you.

| Things to compare | What to look out for |
|--------------------|--|
| Fees | The lower the better |
| Investment options | Make sure there are options that suit your needs and comfort with risk |
| Extra benefits | Your employer may pay more than 9.5% for certain super funds or if you make extra contributions yourself |
| Performance | Pick a fund that has performed well over the last 5 years - do not chase last year's best performer |
| Insurance | See what cover is available and what it will cost |
| Service | Call the fund or browse their website to see what other services they offer |

<https://www.moneysmart.gov.au/superannuation-and-retirement/how-super-works/choosing-a-super-fund>

You might be financially savvy enough to set up a **self-managed super fund**. This fund operates as a trust and must have no more than five members. The fund is then administered and controlled by its members and must be regulated by the ATO. Visit for more info:

<https://www.ato.gov.au/Super/Self-managed-super-funds/>

<https://www.moneysmart.gov.au/superannuation-and-retirement/self-managed-super-fund-smsf>

The ATO also offer incentives for self-employed people when it comes to super.

Self-employed people are eligible for the government's **Super Co-Contribution payment**. If you are a low or middle-income earner and make personal (after-tax) super contributions to your super fund, the government also makes a contribution (called a co-contribution) up to a maximum amount (\$500 in 2015-16). You cannot claim a deduction if you choose this option.

<https://www.moneysmart.gov.au/superannuation-and-retirement/how-super-works/super-contributions/contributing-extra-to-super#free>

Also, if you are self-employed you can claim a **tax deduction** on your super contributions. If you want to claim a tax deduction for your personal super contributions, you must first notify your fund that you intend to do so. The notice you give to your fund must be both valid and in the approved form.

<https://www.ato.gov.au/Individuals/Super/In-detail/Growing/Claiming-deductions-for-personal-super-contributions/>

Super for Contractors

Contractors may be entitled to the superannuation guarantee even if they are not technically employees. If you are paid as a contractor, and your contract is *wholly or principally for labour*, then your client has to make superannuation contributions for you, provided you:

- are aged over 18 years old
- are paid \$450 (before tax) or more in a calendar month, and
- meet the criteria at <http://www.ato.gov.au/Calculators-and-tools/Employee-or-contractor/>

A contract wholly or principally for labour means that more than half of the value of the contract is for the person's labour, and means you are:

- remunerated wholly or principally for your personal labour and skills,
- forced to perform the contract work personally, and
- paid by reference to hours worked rather than completion of the contract.

These regulations apply even if you are a registered business and have an ABN.

This will also be the case if you hire sub-contractors or have freelancers work for you!

Super may not be at the top of your priority list if you're self-employed. But don't leave it too late - putting super money away now will make sure you have enough to live on later.

If you found this info sheet helpful, please visit

www.creativeplusbusiness.com

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