

Super on Paid Parental Leave

November 2024

Super on Paid Parental Leave

Legislation enabling super to be paid on Commonwealth funded Paid Parental Leave has now passed. First announced earlier in the year (2024), the payment of superannuation aims to assist in reducing the impact of parental leave on retirement outcomes. This additional initiative expands on the improved Paid Parental Leave scheme and is summarised below.

The processes applying to the ordinary Government Paid Parental Leave (PPL) system is unchanged. Services Australia is responsible for this task. The new rules for super payments commence from 1 July 2025.

This means that eligible parents with babies born or adopted on or after 1 July 2025 can receive a contribution to their nomination super fund account (on top of their total PPL).

A benefit of the Paid Parental Leave super contribution scheme relates to how it is processed. Individuals will not need to apply for the additional payment, as this will be automatically assessed and paid by the Australian Tax Office (ATO), stemming from information provided by Services Australia.

The annual super contribution will be comprised of:

1. A superannuation guarantee rate of 12% on the PPL payments received, plus
2. An interest amount to represent forgone earnings.

The interest component applies because this particular super contribution is paid annually. Therefore, the ATO will distribute the first payments from July 2026.

Amounts that are contributed to super will be recorded under the concessional contribution cap. Concessional contributions are taxed in superannuation at a rate of 15%.

Copyright and Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) ("Euroz Hartleys") only. Euroz Hartleys is the holder of an Australian Financial Services Licence (AFSL 230052) issued by the Australian Securities and Investments Commission ("ASIC") and is a participant of the Australian Securities Exchange Group ("ASX Group").

The information contained herein is confidential and may be legally privileged. If you are not the intended recipient no confidentiality is lost nor privilege waived by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys on (+618) 9268 2888. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys.

Disclosures & Disclaimers

Euroz Hartleys and its associates declare that they deal in securities as part of their securities business and consequently may have a relevant interest in the securities recommended herein (if any). This may include providing equity capital market services to their issuing company, hold a position in the securities, acting as principal or agent, or make a market therein and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz Hartleys declares that it may have acted as an underwriter, arranger, co-arranger or advisor in equity capital raisings, and will have received a fee for its services, for any company mentioned within this report during the last 12 months.

Euroz Hartleys Limited advises that any advice, statement of opinion, or recommendation contained in this document is provided by way of unsolicited general information only and has been prepared without taking account of your investment objectives, financial situation or particular needs.

You should not act on any recommendation issued by Euroz Hartleys without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it.

The opinions expressed are subject to change without notice. No member of Euroz Hartleys accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material. We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

EUROZ HARTLEYS

info@eurozhartleys.com
+61 8 9268 2888
www.eurozhartleys.com

Euroz Hartleys Limited
ACN 104 195 057
AFSL 230052