

myFocus

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Payday Super is Coming: What Small Business Owners Need to Know

If you run a small business, it's important to be ready for one of the biggest changes to Australia's super system in decades. From 1 July 2026, employers will need to pay superannuation guarantee (SG) contributions every payday, rather than quarterly — a shift widely known as Payday Super.

This change aims to boost employees' retirement outcomes by ensuring their super is paid sooner. For small business owners, it also means updating payroll processes, staying on top of compliance, and planning for more frequent super payments to manage cash flow effectively.

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Payday Super is Coming: What Small Business Owners Need to Know

What Payday Super Means

Today, most employers pay SG contributions quarterly, which can mean a gap of up to three months between paying wages and paying super. From 1 July 2026, this will change; SG contributions will need to be paid at the same time as wages or shortly after each pay cycle.

In most cases, employers will need to ensure super contributions reach employees' funds within 7 business days of payday, whether staff are paid weekly, fortnightly or monthly. Super funds will also process contributions faster; within 3 business days, so employees will see their super paid and confirmed much sooner.

This reform shifts paying super from a quarterly task to a more regular, ongoing part of your payroll process.

Why This Change Is Being Introduced

The government's aim with Payday Super is to ensure employees receive the super they're entitled to, on time and in full. Late or missing super payments can significantly reduce a person's retirement savings over the long term, so paying super more frequently helps contributions grow sooner through compounding.

The change also improves visibility for the ATO. With each pay run, employers will report both qualifying earnings and the corresponding super liability through Single Touch Payroll (STP), helping strengthen compliance and reduce unpaid super across the economy.

What Small Business Owners Should Do Now

Payday Super is now law, and while it doesn't begin until July 2026, preparation should start early. Here are the key steps to get your business ready:

1

Review Your Payroll and Super Payment Processes

If you currently pay super quarterly, you'll need to adjust your systems so SG is calculated, reported and paid each pay cycle. This may include:

- **Updating your payroll software** or confirming with your provider that it supports Payday Super requirements, including reporting qualifying earnings and SG liability through STP for every pay run.
- **Reviewing internal processes** to ensure super is calculated correctly under the new "qualifying earnings" definition in the reforms.
- **Checking employee super fund details** are complete and accurate to avoid delays or rejected contributions.

2

Prepare for the Closure of the ATO's Small Business Super Clearing House

The ATO's Small Business Superannuation Clearing House (SBSCH); a free tool many small businesses rely on for quarterly super payments, will close on 1 July 2026. If you currently use the SBSCH, you'll need to move to another super payment solution well before the deadline to ensure a smooth transition.

3

Work with Your Accountant or Payroll Provider

Check in with your accountant, bookkeeper or payroll provider to confirm your systems are ready for the new timing and reporting rules. Because the ATO will compare STP payroll data with information from super funds, any mismatched details or reporting errors could lead to compliance issues. Getting expert help now can save stress later.

4

Plan for Cash Flow Changes

Under Payday Super, super contributions will be paid with every pay run — meaning money leaves your business more frequently than before. For businesses with tight cash flow, this can be a noticeable shift. Reviewing your cash flow forecasts and planning ahead now will make the transition easier and help you stay compliant without pressure.

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Penalties and Compliance: What You Need to Know

Getting ready early is important because there are penalties if Payday Super obligations aren't met. The rules for the Super Guarantee Charge (SGC); the penalty applied when super is paid late or not at all, are being updated to align with the new payment timeframes.

Under the new system, the ATO will continue to use the SGC framework to enforce compliance. If super contributions aren't received by your employees' super funds within the required timeframe; generally within 7 business days of payday, the payment may be considered late, and you may become liable for the SGC.

The SGC currently includes interest on any unpaid super plus an administrative fee. Under the updated rules, additional penalties may apply, including:

- **Interest and extra penalties** if an SGC debt isn't paid within the timeframe set out in an ATO notice.
- **Late payment penalties** if you don't fix a shortfall within the required period.

Penalties can increase depending on your compliance history, especially if late payments happen more than once. In short, paying super to the correct fund on time is a legal requirement, and missing deadlines can lead to avoidable financial consequences.

Final Thoughts

Payday Super marks a major change in how SG contributions are managed in Australia. For employees, it means contributions are paid sooner, helping their retirement savings grow earlier. For small business owners, it means adjusting payroll and compliance processes to meet more frequent payment timelines

Now is the ideal time to prepare. Start reviewing your systems, speak with your accountant or payroll provider, and make sure your business is ready well before 1 July 2026. Early planning will help you stay compliant, manage cash flow smoothly, and avoid unnecessary pressure once the new rules begin.

If you have questions about how Payday Super applies to your business or would like support reviewing your payroll or compliance processes, please get in touch with your financial adviser.





Why Being Too Cautious With Cash Can Hold You Back

Keeping a healthy amount of cash on hand can provide real comfort. It offers flexibility, peace of mind, and a safety buffer for life's unexpected moments — whether that's an urgent repair, a medical bill, or a sudden drop in income. Having accessible cash can make these challenges far less stressful.

But while cash is an essential part of any financial plan, holding too much of it for too long can quietly limit your long-term financial growth. The key is finding the right balance — enough cash to feel secure today, while still allowing the rest of your money to work harder for your future.

Inflation quietly erodes the value of cash

One of the biggest, and often overlooked — risks of holding too much cash is inflation. Cash feels safe because the number in your bank account doesn't change, but what that money can buy does.

There's a difference between the nominal value of cash and its real value. The nominal value is simply the dollar amount you see. But the real value reflects its purchasing power, and that declines as prices rise for the things you want to buy.

Recent Australian inflation data highlights this. According to the ABS, the Consumer Price Index rose 3.8% in the 12 months to December 2025, up from 3.4% in November, with increases across housing, food, recreation, electricity and other essentials. As prices rise, even if your bank balance stays the same, your money buys less than it did a year ago.

This erosion compounds over time. Even moderate inflation can significantly reduce purchasing power over many years.

Earning interest can help, but rarely fully offsets inflation, especially after tax. When inflation is higher than the interest you earn, your real return becomes negative. In other words, your savings look stable on paper, but their true value is slipping backwards.

The opportunity cost of staying in cash

Cash is one of the safest places to hold money, but that safety often comes with a trade-off. Lower risk generally means lower long-term returns, and holding too much cash can limit your ability to grow your wealth over time.

Growth assets, like shares and property, can rise and fall in the short term, but historically they've delivered much stronger long-term returns than cash. While they come with more volatility, they also offer something cash cannot: the potential for real growth above inflation, helping your money maintain and increase its purchasing power over the years.

The behavioural comfort of cash

Cash doesn't just provide liquidity — it also provides emotional comfort. During times of market volatility or economic uncertainty, keeping more money in cash can feel reassuring, and that's completely natural.

The challenge is recognising when that comfort starts to hold your long-term financial goals back. Holding too much cash because markets feel uncertain today can mean missing out on growth opportunities that play out over years and decades, not months.

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A SIMPLE EXAMPLE

How growth compounds over time

Imagine two people; **James** and **Laila** — each starting with **\$20,000**.

James keeps his money in a savings account earning **4% per year**, while Laila invests in a diversified share portfolio with a long-term expected return of **7% per year**.

After **three years**, the difference is modest:

- James: around **\$22,500**
- Laila: around **\$24,600**

But over time, the gap widens dramatically. After **25 years**:

- James grows his savings to about **\$54,300**
- Laila's investment grows to roughly **\$114,500**

The difference isn't just the higher return; it's the power of compounding. When returns are reinvested, they generate their own returns, and the effect becomes more powerful the longer the money is invested.

Of course, investment markets can fluctuate, and returns aren't guaranteed. But for money that doesn't need to be accessed for many years, staying in cash can mean missing out on significant long-term growth.

For the purposes of this example, taxation has been excluded. In practice, outcomes will vary depending on factors such as an individual's marginal tax rate and personal circumstances.



A well-structured financial plan helps you separate short-term needs from long-term goals, so you can enjoy the security of cash while still giving your future wealth room to grow.

So how much cash should you hold?

A common guideline is to keep enough cash to cover three to six months of living expenses. This emergency buffer helps you manage unexpected events without needing to sell investments at the wrong time or rely on high-interest debt.

To work out your ideal cash reserve, calculate your average monthly expenses and multiply by three to six. If your income is less predictable — for example, if you're self-employed or run a small business — it may be sensible to stay at the higher end of that range.

Cash is also useful for short-term expenses you know are coming up, such as a holiday, home upgrades or a tax bill. Beyond these needs, however, holding excess cash may limit your long-term growth potential.

Putting surplus cash to work

Once you've built a comfortable emergency fund and set aside money for upcoming short-term expenses, you can start thinking about how to make your surplus cash work harder. The best option will depend on your goals, time frame and comfort with risk, but common strategies include:

- **Paying down debt**
Reducing high-interest debts; like credit cards or personal loans, can deliver a guaranteed return equal to the interest you no longer have to pay. It can also ease cash-flow pressure and reduce financial stress.
- **Boosting superannuation**
Super is one of the most tax-effective ways to grow your retirement savings. Even small extra contributions can make a meaningful difference over time, especially when added early and allowed to compound.
- **Investing for long-term growth**
For goals that are many years away, investing in a diversified mix of assets; such as shares or exchange-traded funds (ETFs), can give your money a better chance of keeping ahead of inflation and building real long-term wealth.

Finding the right balance

Shifting money out of cash can feel daunting, especially when markets have been unpredictable. But the goal isn't to remove cash completely — it's to make sure every dollar has a clear purpose.

A balanced approach, with cash for security and growth investments for long-term progress, can help you feel confident today while still building for the future. A financial adviser can help you strike that balance, structure your investments appropriately, and make sure your money is working effectively for your goals and circumstances.

THE DIFFERENCE

Financial Advice Can Make

Financial advice delivers value well beyond investments — helping people feel more confident, make clearer decisions, and build stronger financial habits.

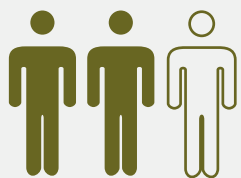
Recent research shows that, across all ages and life stages, professional advice delivers emotional, financial, and behavioural benefits.

Emotional & Financial Benefits

Advised clients experience significantly greater peace of mind and overall wellbeing.



9 in 10 Nearly 9 in 10 say advice makes them feel financially confident¹



2 in 3
are highly satisfied with their wealth¹

60%+

report less anxiety, worry, sadness, and disappointment about finances²



3 in 4

say advice saves time, enabling more meaningful activities; family, leisure, and exercise³

Behavioural Benefits

Advice helps clients build stronger, more resilient financial habits.



Improved discipline, increased savings, and better preparation for unexpected events²

Greater confidence in handling financial shocks²

Support with practical behaviours such as tracking spending, budgeting essentials, and building emergency savings³

Generational Impact

Advice delivers value across all life stages — from early adulthood to retirement.



Younger clients view advice as a form of self-improvement and future-building



Older clients benefit from structured retirement planning and estate support



Across every age group, advised individuals report higher quality of life and greater financial confidence

Share the value of advice

Financial advice helps people make better decisions, feel more secure and stay focused on their goals. If you're already experiencing these benefits, consider sharing this with a friend or family member so they can enjoy the same support and confidence.

¹ FAAA Value of Advice Consumer Research Report (2024)

² Vanguard Emotional & Time Value of Advice Survey (2025)

³ How advisers can save clients from financial stress in 2025, FT Adviser



No matter what your life stage, the best plans start with a conversation. Let's talk about strategies for a brighter financial future.

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