Superannuation Pension Programs for Employee Retirement Security

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Superannuation and the Search for Sustainable Retirement Benefits

After undertaking my research on the available pension programs for employees, I discovered that using the superannuation approach would be the most effective and fulfilling approach that employers can use in securing the pension schemes of their employees. In essence, superannuation is an organizational pension program created by a company for the benefit of its employees once they retire from their service at the company.

As such, it is usually referred to as a company pension plan. The superannuation pension program operates in such a way that the company and the employees make contributions to the retirement fund and deposit the funds raised into a superannuation account. The account typically grows without any form of tax implications until the time of retirement or at the time of withdrawal, in case the employee wants the pension before he or she reaches retirement age at the company.

My task during this program was to investigate the type of retirement funds that companies had in place for their employees and, in addition, establish the best retirement fund that these companies could use to cater for the retirement needs of their workers. It is the legal obligation of every employer to create a pension scheme for all the employees working in his or her organization, primarily for the purposes of cushioning their retirement. This is because most of the workers would be too old to earn a handsome living once they retire because of old age, and as such, they will have to depend on such benefit programs in order to survive after their retirement.

Pension Funds, Employer Contributions, and Long-Term Income Security

A pension scheme refers to an arrangement that an employer enters into with his or her employees to pay some monthly contributions into a pension fund for the employees, which is later invested to provide the employees with a pension on retirement. In this case, the pension is payable to the employee either regularly, on a monthly or annual basis after retirement, or as a lump sum issued

immediately after retirement. A pension fund, in this case, refers to a fund into which the employer and employee contribute some money during the employment years of the employee, from which the payments would be drawn to support the person's retirement from work in the form of periodic or lump sum payments. As such, it is also defined as a retirement benefit plan, which is a fixed sum of money that is paid into the retirement fund on a regular basis for a specified period of time.

Going through this exercise was enlightening for me as I got to learn the different types of pension schemes that were being used by employers to provide retirement benefits to their workers. I realized that there were numerous pension plans that employers could select from to facilitate the mandatory provision of retirement benefits to their workers. In most cases, the employers contributed to the same fund as their employees, while in some cases, the employers contributed to the retirement fund alone. Nonetheless, all these programs proved successful in one way or another towards the provision of retirement benefits to the workers, cushioning them from the hardship and uncertainty of unemployment once they reached their retirement age. However, of all the different types of retirement funds that I came across, I realized that the superannuation retirement fund was the best among them all as it ensured secured earnings for the employees once they reached retirement, in addition to the funds being exempted from taxation (Australian Prudential Regulation Authority, n.d.).

In the same regard, I also learnt that employees could earn more in retirement in terms of their pension schemes than the amount that they had contributed directly into the pension fund, such as in the case of the superannuation fund. The reason for this assertion is that the amounts contributed to the fund periodically during the employment years of the workers attracted lucrative interest rates. As such, by the time they were retiring, the interest earned from their contributions would have grown significantly, thereby giving them higher earnings in terms of pension. Furthermore, these funds could also be injected into an investment scheme that would earn sustainable income for the employees to finance their pension program. As a result, they would end up drawing pension from the retirement fund for a longer period and in higher amounts compared to what they had initially contributed to the scheme (Australian Taxation Office, n.d.).

Comparative Research and the Selection of an Equitable Pension Program

I made these discoveries by revisiting the pension plans used by different companies to provide their employees with an equitable and sustainable pension scheme. In this case, I liaised with Human Resources Management (HRM) officials in charge of different companies to share with them the type of retirement funds that they provided for their employees. In addition to this, I also requested that they share with me the success stories of each of their selected pension schemes. It was through the comparison and analysis of each of the pension schemes shared by the employers that I realized the superannuation pension scheme was the best among all of them.

Nonetheless, I experienced some challenges in the course of my investigations, whereby I realized

that some employers were not willing to share the type of retirement schemes that they offered their employees. In fact, in some companies, this was a closely guarded secret, and the employees were not even aware of the exact type of pension scheme that the employers were offering. In such cases, obtaining information that would be instrumental in determining the type and effectiveness of a pension fund was very difficult. I realized that these cases were very common in companies that were unscrupulous in their provision of pension schemes, with some of them having pending court cases regarding their failure to honour the employee pension plans that they had initiated.

The success areas were those times when I came across a cooperative and supportive HRM official who was willing to take me through his or her entire company's pension scheme program, as well as showing me some historical records regarding the pension payments released by the company to its retirees. In addition, these cooperating HRM officials were also quick to share with me the success stories registered by each of their respective employee retirement schemes, giving me the names as well as the amounts of money that the employer had paid to the retired employee in terms of pension. I even got an opportunity to interact with some of the immediate beneficiaries of these pension schemes, whereby many lauded their organizations for being truly committed to ensuring that they had a smooth and happy retirement.

Therefore, judging from my best and worst experiences, I think that if I had to do this the next time, I would refrain from the direct approach to the companies and other officials related to or dealing with the retirement program. On the contrary, I would use the indirect approach whereby I would revisit secondary data regarding these programs as provided in company disclosures, such as the annual reports as well as other confidential reports provided by the company regarding the employee retirement schemes that they were operating. I would also use the internet to get this information, especially for the big multinationals that have subsidiaries across different global markets.

References

Australian Taxation Office. (n.d.). Superannuation. https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families