

This factsheet addresses:

- Limits on contributions and taxation of contributions; and
- Eligibility to make contributions

## Limits on contributions and taxation of contributions

There are two types of contributions: Concessional and Non Concessional.

### Concessional contributions

Concessional contributions are taxed at 15% when received by the Fund. They include:

- Employer contributions – including Super Guarantee contributions, Super Guarantee shortfall payments made by the ATO, contributions made under an industrial award, and voluntary employer contributions (if any);
- Salary Sacrifice contributions – which are contributions made on your behalf directly from the employer to the fund before deducting Pay As You Go withholding tax; and
- Self employed contributions for which a deduction is claimed.

The amount of Concessional contributions that are taxed at 15% is capped at a maximum amount per individual per financial year. For the 2008/09 year the cap is \$50,000. For the 2009/10 year the cap was scheduled to be \$55,000. However, in the 2009 Federal Budget, the Government announced that the limit would be halved to \$25,000 for the 2009/10 financial year (and will be subject to indexation in future years). Any concessional contributions made over the concessional contributions cap are taxed at an additional 31.5% (on top of the standard 15% tax applied to concessional contributions). If the extra tax applies, you have the option to withdraw the amount payable from your superannuation account, by presenting a 'release authority' (from the Australian Taxation Office), or it can be paid from your other resources, outside superannuation.

If you are age 50 or over during the five years between 1 July 2007 and 30 June 2012, a transitional cap of \$100,000 applies for 2007/08 and 2008/09 financial years. In the 2009 Federal Budget, the Government announced that the cap would be set at \$50,000 for the 2009/10, 2010/11 and 2011/12 financial years (and is not indexed). From 01/07/2012 the limit will revert to \$25,000 per financial year (and will be subject to indexation in future years).

### Tax deductibility of contributions

Self employed people can claim a full tax deduction for contributions made before age 75. They may also qualify for the Government co-contribution on personal contributions if they are not claimed as a tax deduction.

Employers can claim a full tax deduction for contributions to super on behalf of employees up to age 75.

### Quotation of Tax File Number

If you do not supply your Tax File Number to the Fund, concessional contributions made by you or on your behalf may be subject to additional tax of 31.5%, in addition to the 15% tax already applied to concessional superannuation contributions.

### Non-concessional contributions

Non-concessional contributions are not taxed when received by the Fund. Non-concessional contributions include:

- Member personal contributions (from after-tax pay);
- Spouse contributions; and
- Excess concessional contributions

Government co-contributions are not counted as non-concessional contributions.

Again, there is a cap on non-concessional contributions that are tax free – it is three times the cap applying to concessional contributions, being \$150,000. From 01/07/2009 onwards, the limit remains at \$150,000 (six times the concessional contributions limit) and will be subject to indexation in the 2010/11 financial year onwards. Any non-concessional contributions made over the limit are taxed at the top marginal rate. This amount must be withdrawn from your superannuation account. Again, this process involves presenting a 'release authority' to your Fund.

If you are aged under 65, you can bring forward two years of non-concessional contributions, giving you a cap of \$450,000 over three years. The bring forward option is available for members aged under 65.

# CONTRIBUTIONS FACT SHEET



## Quotation of Tax File Number

If you do not supply your Tax File Number to the Fund, non-concessional contributions cannot be accepted.

## Eligibility to make / receive contributions

As outlined above, employer contributions are classified as concessional contributions. They include:

- a) Superannuation Guarantee (SG) contributions; and
- b) Award contributions (if applicable)
- c) Voluntary employer contributions (if any)

Your employer's obligation to make SG contributions ceases at age 70. Your employer may still make award contributions beyond age 70, if required by a relevant industrial award.

In relation to:

- non-concessional contributions;
- salary sacrifice contributions; and
- self employed contributions

no eligibility or work test requirements apply to make contributions up to age 65. Between ages 65-74, you must be gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in that financial year to make such a contribution. Such contributions cannot be made on or after attaining age 75.

Need advice on where you stand in relation to contribution rules? SPEC Super has appointed Money Solutions Pty Ltd (ABN: 36 105 811 836, AFSL No: 258145) as the preferred provider of financial planning services to members. SPEC Super can refer you to a Money Solutions qualified financial planner for help. Simply ring SPEC Super on 1300 366 648. Money Solutions may also be able to help you with investment advice, planning for retirement and death and disablement insurance cover.

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