FACT SHEET | FINANCIAL DECISIONS

Use Super to Save Tax

Superannuation plays an important part in securing your lifestyle in retirement. Apart from the compulsory super contributions made by your employer (called super guarantee or SG), you can contribute extra to your super at any time to help increase your savings for the future.

However, there are limits on how much you can contribute before you pay extra tax.

Concessional (before tax) contributions

Concessional contributions are contributions made into your super fund **before** any tax is paid on them.

They can include:

- Compulsory super payments (SG) made by your employer.
- Salary sacrifice contributions.
- Costs your employer pays on your behalf, such as super administration fees and insurance premiums.
- Some personal contributions such as super payments you make if you're self-employed – if an income tax deduction is allowed.

Once in your fund, these contributions are taxed at 15%.

Non-concessional (after-tax) contributions

Non-concessional contributions are generally contributions you make into your super fund after tax has been paid on them. They include:

- Personal contributions you make from your after-tax pay that you are not allowed to claim as an income tax deduction.

Contributions your spouse makes to your fund on your behalf.

From 1 July 2024, the non-concessional contributions cap will increase from $110,000 to $120,000.

Concessional Contributions caps and Excess contributions

From 1 July 2024, the general concessional contributions cap is $30,000 per annum for all individuals regardless of age.

This includes:

- Employer contributions.
- Salary sacrificing.
- In some cases, life insurance premiums.

Once this cap is breached, the possible outcomes include:

- Excess concessional contributions (ECC) included in your accessible income, taxed at marginal tax rates with 15% offset.
- Any excess not released from your super fund counts towards your non-concessional contributions cap. If you do not or cannot elect to release your ECC, you could pay up to 94% in tax.
- Contribution type is also classified as a taxed component of your fund.

Strategies to reduce this potential liability:

- Monitor your salary sacrifice contributions.
- Ensure you take advantage of the current CAPS.

We're here to help

Super can be quite complicated and sometimes you just want to know that you're making the right decisions. Because the right decisions about your super can make a real difference to your financial future.

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