

WHAT IS SUPERANNUATION?

Superannuation is an investment vehicle that allows you to invest, grow and save for your retirement. It is government supported and encouraged and there are minimum percentages that your employer needs to pay into your superannuation.

Interest earned on your superannuation account will be subject to tax of 15% while in the superannuation phase.

DIFFERENT TYPES OF SUPERANNUATION

There are currently two different types of superannuation accounts. They include:

Defined benefit accounts

These types of accounts are older accounts and are no longer offered. There is no running balance of funds available. Rather there are formulas for member resignation, terminations, disability payments, early retirement and normal retirement. Each superannuation fund will have its own unique formula. They are very complex accounts but generally guarantee a payment to the holder regardless of the amount contributed.

Accumulation accounts

This has now become the most common superannuation fund. The balance of this fund can be seen at any time and includes any contributions that have been made, interest and earnings less any fees paid. It is known as an accumulation fund because your money grows or accumulates over time. The amount paid upon retirement is not guarantee and is subject the remaining balance on the account.

SUPERANNUATION CONTRIBUTIONS

Superannuation Guarantee Contributions

These types of contributions are employer mandated contributions.

SG contributions are made prior to the payment of your salary and are consequently pre-tax monies. The funds will pay a tax amount of 15% when contributed into your superannuation account. It will not be subject to tax at your marginal tax rate.

The employer mandated contribution rate is set at 10% (from July 2021), increasing to 10.50% from July 2022, 11.00% from July 2023, 11.50% July 2024, concluding with 12.00% from July 2025.

Funds are to be contributed by your employer at least every three months. Payments made into a defined benefit account are calculated using a formula.

Salary Sacrifice

Another way to contribute pre-tax funds into your superannuation account to make additional payments prior to receiving your income. This is known as salary sacrificing your income into your superannuation account. Funds contributed are pre-tax funds and are taxed at 15% within the fund.

Limits on contributions

The limit on the number of concessional contributions that can be made is as follows:

Year	Age	Concessional Contribution Cap
2022-23	All ages	\$27,500

If you exceed the contribution limits, your excess concessional contributions count towards your assessable income and are subject to your marginal tax rate plus an interest charge. Therefore, it is important that you disclose all of the concessional contributions you have made.

Non-Concessional contributions

These are also known as personal contributions. You can choose to make after tax voluntary contributions into your superannuation account. These contributions form part of your tax-free component. As the contributed funds have already been taxed, the amount contributed will not be subject to further tax.

Non-concessional contributions can include after tax personal contributions made by:

- An individual.
- A spouse; or
- A self-employed person who doesn't claim a tax deduction for the contribution.

A spouse contribution simply involves a spouse of a member contributing after tax funds into the member's superannuation account. A spouse can include a husband or wife in either a legal or de-facto relationship (includes same-sex couples).

If you are self-employed, you can claim a tax deduction on your superannuation contributions.

Limits on Contributions

The limit on the amount of non-concessional contributions that can be made is as follows:

Year	Amount of cap
2022-2023	\$110,000

- Providing that your total super balance on 30 June 2022 is below \$1,700,000. Should your total super balance be greater than \$1,700,000 then you are unable to make any further non concessional contributions.

If you are under the age of 75, you may be able to make a non-concessional contribution of up to three times the non-concessional contribution cap in one year. This is valid over a three-year period, so you are unable to make any further non-concessional contributions without breaching the cap. This is known as the "bring forward" option.

If you exceed your non-concessional contribution cap, you will be taxed on the excess contribution at the rate of 49% (including the Medicare Levy). You will receive this as a personal tax bill from the Australian Taxation Office. Therefore, it is important that you disclose all of the non-concessional contributions you have made.

Advantages of non-concessional contributions includes:

- Superannuation contributions tax of 15% does not apply.
- Earnings will be taxed at 15%.
- When non-concessional contributions are accessed upon retirement, the funds are tax free; and
- Members may qualify for the Government's superannuation co-contribution scheme.

Bring-forward Arrangement

If you are aged under 75, you may be eligible to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year by bringing forward your non-concessional contributions cap for a two- or three-year period. When you make contributions greater than the annual cap, you automatically gain access to future-year caps. This is known as the 'bring-forward' arrangement.

The non-concessional contributions cap amount that you can bring forward, and whether you have a two- or three-year bring-forward period, will depend on your total superannuation balance at the end of 30 June of the previous financial year.

For 2022–23 financial year, to access the non-concessional bring-forward arrangement:

- You must be under 75 years of age for one day during the triggering year (the first year).
- You must have a total superannuation balance of less than \$1,700,000 at the end of 30 June 2022.

Total superannuation balance on 30 June 2022	Maximum non-concessional contributions cap for the first year	Bring-forward period
Less than \$1,480,000	\$330,000	3 years
\$1,480,000 to less than \$1,590,000	\$220,000	2 years
\$1,590,000 to less than \$1,700,000	\$110,000	No bring-forward period, general non-concessional contributions cap applies
\$1,700,000 or more	N/A	N/A

Government Co-Contributions

To help individuals reach their retirement goals, the Government will contribute to superannuation on behalf of eligible individuals. You are eligible to receive the co-contribution if:

- You make an after-tax superannuation contribution to a complying fund.
- Your total income (assessable income plus reportable fringe benefits + salary sacrifice to superannuation) is less than \$56,112 for the 2022/2023 year.
- 10% or less of your total income is from eligible employment or self-employment.
- You are not a temporary resident at any time during the year.
- You are under the age of 71 at the end of the financial year.
- You have not exceeded your non-concessional contributions cap for that year; and
- You have lodged a tax return for the previous financial year.

From 1 July 2017, in addition to the existing eligibility requirements, you will be eligible for the government co-contribution in a financial year if:

- Your non-concessional contributions do not exceed your non-concessional contributions cap for the relevant financial year; and
- Your total superannuation balance is less than \$1,700,000 on 30 June of the year before, the year the contributions are being made.

For every dollar you contribute from your after-tax income, the Government will co-contribute 50 cents up to a maximum amount of \$500. The rate reduces by 3.33 cents for every dollar of your total income above \$41,112 for the 2022/2023 year and cuts off at \$56,112 for the 2022/2023 year. If you earn less than \$41,112 for the 2022/2023 year, then you will be eligible to receive the entire \$500 if you make a personal contribution of \$1,000 in one financial year.

If you are eligible, the Government will organise payment of the co-contribution directly into your superannuation account after you have completed your tax return for the financial year in which you have made the contribution.

WHO CAN CONTRIBUTE INTO SUPERANNUATION?

Age	Concessional Contribution				Non-Concessional Contribution			
	SG	Industrial Award	Salary Sacrifice	Personal Contribution	After tax member contributions	Self Employed	Spouse Contributions	Downsizer Contribution
Under 65	✓	✓	✓	✓	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	✓ for 60 and over
Between 65-66	✓	✓	✓	✓	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	✓
Between 67-69	✓	✓	✓ , however need to meet the work test	✓ , however need to meet the work test to claim the personal superannuation contribution deduction (PSCD)	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	✓
Between 70-74	✓	✓	✓ , however need to meet the work test	✓ , however need to meet the work test to claim the personal superannuation contribution deduction (PSCD)	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	Contribute up to \$330,000 over a three-year period.	✓
75 and over	✓	✓	Not Accepted	Not Accepted	Not Accepted	Not Accepted	Not Accepted	✓