

# Guide to superannuation and contributions

**Asgard**

Get started



In this Guide, you will find more information about contributing to superannuation, including information for those saving for a first home, on lower incomes or who are self-employed.

Your superannuation could play an important role in your retirement plans one day. While that might seem a while off, the earlier you contribute to your superannuation the better, as the longer your money is invested in the market, the more likely it may be able to manage market movements and take advantage of the compounding of interest over time, helping your balance grow until you retire.

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# 1. Your superannuation





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Your superannuation is an investment designed specifically to help you save for your future retirement.

If you're eligible, your employer will make regular contributions to your super account during your working life, as required under Superannuation Guarantee legislation, which are commonly known as Superannuation Guarantee (or SG) contributions. Broadly, these contributions are set at 9.5% of your annual employment income and this figure is set to increase to 10% in 2021 and to 12% in 2025.

You typically would not be able to access your superannuation until you turn 65 or you reach Preservation Age (see table in Section 2) and retire from the workforce.

A typical superannuation fund is invested across different types of investments, including shares, property, fixed interest and cash, and across different sectors (for example, telecommunications and healthcare) and different countries.

Some employers allow you to select your own superannuation fund, while others may see you covered by industrial agreements or you may also be the member of a defined benefit fund.

If you are able to select your own fund, your employer may offer you the choice of their selected fund or to nominate your own. If you select your own, you may wish to compare funds by considering the investment options they offer, fees, extra benefits, long-term performance, insurance and services.

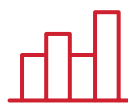
You can find this information by contacting superannuation providers, visiting their websites and reviewing their product disclosure statements. If you don't select your own fund, you will be placed in the default option selected by your employer.



Shares



Property



Fixed Interest



Cash



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Superannuation can be an attractive environment to save for retirement for a number of reasons.

- It's a method of 'forced saving' as you won't be able to access your funds until your preservation age and retirement, except under very limited circumstances as defined under superannuation law.
- Earnings on your superannuation are also taxed at 15%, which may be lower compared to your marginal tax rate, which applies to earning on investments outside superannuation.
- The contributions made by your employer from your salary are taxed at 15%, which, compared to your marginal tax rate may be lower. If you earn more than \$250,000 per financial year (this reduced from \$300,000 from 1 July 2017), you may need to pay an additional 15% tax on some or all of your contributions. If this applies to you, the ATO will notify you after the end of the financial year. You can find out more about this in section 3 on types of contributions.
- Your investments are managed on your behalf by professionals and are spread (diversified) across a range of investments.



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## Things to be aware of before investing more in superannuation

- You generally won't be able to access your superannuation funds until you reach preservation age and retire from the workforce. Your preservation age is defined by superannuation law and you can see the age that applies to you in the following chart. So, if a 'rainy day' arrived before then, you wouldn't be able to use your superannuation money to help. (Note: some providers may release your funds in certain restricted situations, which are defined under superannuation law).
- Your investments are not guaranteed and can rise or fall depending on what happens in the market, just like investments made outside of the superannuation environment. The likelihood that you may lose money will depend on which investment option you choose, for example, a high growth investment options may mean you have both a greater chance of loss or return, while a conservative investment option may mean you have lower chance of loss but also lower prospect of returns.
- Superannuation is not the only investment option available to help you meet your retirement needs and goals so you may wish to investigate further what is the right type of investment that could help you meet your needs.

## Preservation age based on date of birth

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60



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## 3. Types of contributions





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If you would like to make extra contributions to your superannuation, you can do it either before or after tax, keeping in mind that there are annual limits (caps) on how much you can contribute to superannuation. If you exceed a cap, additional tax may be payable.

### Concessional Contributions

These are contributions to your superannuation taken from your income before tax is paid. They include your Superannuation Guarantee and any other employer super contributions, salary sacrificing (if you do this) and any contributions you personally contributed and have claimed a deduction for.

The cap on concessional contributions is \$25,000 per financial year for the 2017/2018 financial year.

Concessional contributions are taxed at 15%. If you earn more than \$250,000 per financial year (this reduced from \$300,000 from 1 July 2017), you may need to pay an additional 15% tax on some or all of your contributions. If this applies to you, the ATO will notify you after the end of the financial year.

### How to make concessional contributions outside of your employer contributions?

- Some employers may allow you to salary sacrifice, which is where you nominate a certain portion of your before-tax salary as an extra contribution to super rather than receiving the money in your hand.
- You can also contribute to your superannuation from your after-tax salary (within the caps) which you may then be able to claim as a deduction as part of your tax return.

*Example: What contribution could you consider making to your superannuation if you currently receive a Superannuation Guarantee of \$10,000?*



\*You may be eligible to roll three years of non-concessional contributions into one year and contribute up to \$300,000 depending on your total superannuation balance and whether you have already accessed this in the previous two financial years.



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## Non-concessional contributions

These are contributions to your superannuation you make from your income after you have paid tax on it which you have not claimed a deduction for.

The cap on non-concessional contributions is \$100,000 per financial year for the 2017/2018 financial year. If you are aged between 65 years old and 74 years old, you may still be able to make non-concessional contributions as long as you have worked at least 40 hours over 30 consecutive days in the financial year.

However, if at 30 June in the previous financial year, your total superannuation balance is greater than or equal to \$1.6 million, you will not be able to make any non-concessional contributions to super. You can find more information at [ato.gov.au](http://ato.gov.au).

There is also the option to combine and bring forward the next two years' worth of non-concessional contributions and pay them in one go in the current year. This is known as the three-year bring-forward rule and allows you to combine your non-concessional contributions for three consecutive years to the maximum value of \$300,000 (i.e. \$100,000 per year).

The ability to use the bring-forward rules and how much you can bring forward is dependent on your total superannuation balance at the previous 30 June.

- You won't be able to use the three-year bring-forward rule if:
- You've already used it in either of the previous two financial years.
- Your total superannuation balance has reached \$1.5 million or more.
- You are aged 65 years or older.

Refer to the [ATO website](#) for more information on the bring-forward rules.

## How to make non-concessional contributions?

- Your superannuation provider usually has a few ways for you to contribute, such as bank transfer or cheque payments. Speak to your provider to find out more.



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## 4. The First Home Super Saver Scheme



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You may be able to make voluntary superannuation contributions to use towards a deposit for your first home under the First Home Super Saver Scheme (FHSSS) starting from 1 July 2017.

Voluntary contributions you make can be accessed from 1 July 2018 subject to meeting eligibility criteria. Whether using concessional or non-concessional contributions, the amount you can withdraw is capped at \$15,000 a year (or a maximum of \$30,000 in total). Superannuation Guarantee contributions, as well as contributions that don't count towards or are in excess of the contributions cap, cannot be accessed under the FHSSS as part of your deposit.

When you plan to buy your first home, you will need to apply to the Australian Taxation Office (ATO) directly to access savings under the FHSSS. The ATO will assess your eligibility and calculate your additional contributions and the deemed earnings on these contributions.

Deemed earnings are returns that your contributions might have earned while invested in the superannuation environment. The ATO calculates these based on the 90 Day Bank Bill rate plus three percentage points (as per the Shortfall Interest Charge).

Refer to the [ATO website](#) for more information.

Here are two options you could consider if you currently receive Superannuation Guarantee payments of \$10,000 per year. (There are many more ways of using your concessional and non-concessional caps to contribute).





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From 1 July 2018, if you are planning to downsize on the family home, there may be an option to contribute proceeds from the sale to your superannuation as a downsizer contribution if you wish.

This option applies to you if:

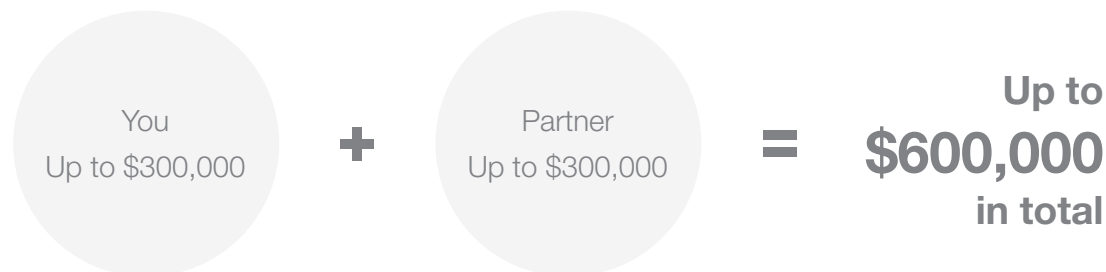
- You are aged 65 years or older when the contribution is made,
- You make the downsizer contribution within 90 days of receiving the proceeds of sale,
- You or your spouse have owned your home for the past ten or more years, prior to the sale
- Your home has been your primary residence for CGT purposes, and
- You have not previously made a downsizer contribution from the sale of another home.

If this applies to you, you could contribute up to \$300,000 from the proceeds of the sale of your home. If you have a spouse, they are also allowed to contribute up to \$300,000 from the sale proceeds to their superannuation under this policy.

Eligible downsizer contributions do not count towards your concessional or non-concessional contribution caps, nor will you need to meet rules around existing maximum total superannuation balances, the work test or maximum ages for contributions. It does not, however, allow you to invest more than your transfer balance cap in super income streams.

Refer to the [ATO website](#) for more information about downsizer contributions.

*Example: You and your partner have received \$700,000 in proceeds from selling the home you have lived in for 15 years. How much could you each contribute separately to your superannuation?*





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Lower income earners may be able to receive extra support for their superannuation in a few ways.

### a) Government superannuation co-contributions

The government may also make a superannuation co-contribution to your superannuation account up to a maximum of \$500 if you are a low or middle-income earner and make a personal after-tax contribution to your superannuation.

For the 2017/18 financial year to be eligible, you must:

- Make eligible personal (after tax) super contribution
- Earn less than \$51,813 before tax
- Be less than 71 years old at the end of the financial year
- Have more than 10% of your total income come from employment related activities, carrying on a business or a combination of these.
- Not hold a temporary visa at any point during the financial year (unless you are a New Zealand citizen or it was a prescribed visa).
- Lodge your tax return for the financial year.

You can see the amount of co-contribution paid to your account based on your level of personal contributions in the table below.

### Contributions made in the 2017–18 income year

Income	Personal super contribution:			
	\$1,000	\$800	\$500	\$200
\$36,813 or less	\$500	\$400	\$250	\$100
\$39,813	\$400	\$400	\$250	\$100
\$42,813	\$300	\$300	\$250	\$100
\$45,813	\$200	\$200	\$200	\$100
\$48,813	\$100	\$100	\$100	\$100
\$51,813	\$0	\$0	\$0	\$0

Source: ATO



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### b) Low income superannuation tax offset

If you earn \$37,000 or less, you may receive a 'low income superannuation tax offset' from the government into your superannuation account. This represents a refund of the tax paid on the concessional contributions you or your employer made to your superannuation account during the financial year, up to a total of \$500 annually.

### c) Spouse contributions

If you earn low or no income, your spouse may be able to claim a tax offset of up to \$540 under certain conditions if they make a non-concessional contribution to your superannuation fund.

Alternatively, your spouse may be able to split their concessional contributions made during the financial year with you into your superannuation fund. The ATO provides complete guidelines on both these approaches, which you can find [here](#). These options might not be the right financial choice for you or your spouse so getting advice on your options can be helpful before you take this approach.





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If you are self-employed, there are additional options, which might be relevant to you.

If you plan to sell your business, you might be able to contribute the proceeds from the sale of your business to boost your superannuation, should you wish to.

You will only be eligible to do this when one of the following capital gains tax (CGT) concessions apply to you.

### 1. The small business 15-year exemption

If you are aged 55 or older and retiring or are permanently incapacitated, and you have owned an active business asset for at least 15 years, you may be exempt from paying CGT on the proceeds when you sell the asset. You might be able to contribute amounts under this exemption to your superannuation fund without it affecting your non-concessional contribution caps.

### 2. The small business retirement exemption

This allows you to receive a capital gains tax exemption on the proceeds of selling an active business asset up to a lifetime limit of \$500,000. If you are under 55, money from the disposal of the asset must be contributed into a complying superannuation fund. This also doesn't affect your non-concessional contributions cap.



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Over time, it can be easy to forget where your superannuation is. Some people end up with multiple accounts. You can find your superannuation again by logging into your myGov account or through your superannuation provider.

If you have a superannuation account with BT, you can run a SuperCheck service at [www.bt.com.au/supercheck](http://www.bt.com.au/supercheck) to help you locate your superannuation.

You can even elect to combine your superannuation into one account, pending if it's the right option for you and your financial needs and goals. As part of this, consider where your future employer contributions will be paid and let your employer know the details if you change your fund. Check with your other fund(s) to see if there are any exit or withdrawal fees, or loss of benefits such as insurance cover. Changing your fund may mean you receive a different level of benefits and may lose any insurance entitlements you had in other fund(s).





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## Need help managing your superannuation?

Consider speaking to a financial adviser or call 1800 998 185.

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### Disclaimer

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