



ngs super™  
The educated choice



2011/12 financial year

# Topping up your super

The minimum contribution set by the Superannuation Guarantee (SG) legislation is currently 9% of your ordinary time earnings, subject to a maximum dollar amount. For many members this is the only amount they currently save towards their future retirement.

The Age Pension will generally be there to provide a safety net, providing for a basic standard of retirement living for those who are eligible, but it may not be enough to provide the kind of lifestyle you may personally desire. Additionally, by 1 July 2023, the Age Pension age will be increased to 67 years.

To fully provide financial support and a comfortable lifestyle in retirement, it is therefore important to consider topping up, or boosting, your super through personal contributions.

## What types of contributions can I make to top up my super?

### After-tax (member) contributions

You can have regular personal contributions deducted from your after-tax earnings. Up to 100% of your after-tax salary can be contributed. This may be arranged as a regular deduction through your employer payroll area. By topping up from your after-tax income you may also be entitled to receive benefit from the Government's superannuation co-contribution. Further information on this benefit can be found on our website (refer to the **Easy Money fact sheet**) and by using our extra contributions calculator at [www.ngssuper.com.au](http://www.ngssuper.com.au)

### Lump sum contributions

You can also make a personal lump sum contribution at any time up to age 65 years. If you are aged between 65 and 74 years then you will need to meet a work test (i.e. a minimum 40 hours worked during a 30-day consecutive period in the financial year in which the contribution is made). Simply send a cheque made payable to NGS Super with a covering letter, or download and complete a *Lump Sum Contribution form* available from our website, to deposit funds into your member account. You may also make lump sum contributions using BPAY®.

### Before-tax (salary sacrifice) contributions

With the prior approval of your employer, you have the option to make regular contributions on a before-tax or salary sacrifice basis. Depending on your individual situation, salary sacrificing into super will generally save you tax. Contributions made by salary sacrifice are taxed at the concessional superannuation contribution tax rate of 15%. You can arrange deductions through your payroll or by downloading and completing a *Payroll Deductions Authority for Voluntary Contributions form*, which is available on our website, and provide this form to your employer.

You may also consider, while visiting our website, using our future super calculator to see how extra regular contributions can grow your superannuation benefit.

### Annual limits on contributions

Please note the Commonwealth Government has established limits on the amount of both employer and personal contributions that can be made during each financial year which receive concessional tax treatment before a higher taxation rate will then apply. The limits are:

- **\$25,000 before tax** (combined employer and salary sacrifice contributions) or \$50,000 for any financial year in which you are aged 50 or more, between 1 July 2009 and 30 June 2012
- **\$150,000 after tax**, or \$450,000 over three consecutive financial years if you are under age 65.

You may also wish to consider your investment choice to ensure that your superannuation investment reflects your particular needs. Further information on the eleven investment options offered through NGS Super can be found in the relevant Product Disclosure Statement.

## Other ways to top up or increase your spouse's superannuation

### Spouse contributions

You have the option of establishing a spouse membership account. An initial minimum contribution of \$1,200 is required to open an account. You are able to make spouse contributions on behalf of a spouse who is aged 65 or less; or 65 but less than 70, provided your spouse has worked at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made. You cannot make contributions on behalf of your spouse once your spouse turns 70.

The contributing spouse may also be eligible to claim a tax offset on the spouse contributions that they make, depending on the 'income' of the receiving spouse. The maximum annual tax offset is based on 18% of up to \$3,000 in spouse contributions (i.e. a maximum \$540), if the receiving spouse's 'income' (assessable income, reportable employer super contributions and reportable fringe benefits) is less than \$10,800. A reduced tax offset amount applies as the receiving spouse's 'income' increases to \$13,800, at which point the tax offset ceases.

A 'spouse' includes:

- a. another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 22B of the **Acts Interpretation Act 1901** as a kind of relationship prescribed for the purposes of that section; and
- b. another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple, but does not include a person who lives separately and apart from you on a permanent basis.

Further information concerning the eligibility conditions for the spouse super tax offset can be obtained by contacting the Australian Taxation Office (ATO) on **13 10 20** or by referring to the **ATO website [www.ato.gov.au/super](http://www.ato.gov.au/super)**

### Contributions splitting

Members can choose to have some of their super contributions transferred to an eligible spouse's super account, either in the same fund or another fund. Generally, NGS Super members can split up to 85% of employer and salary sacrifice contributions made in the last financial year.

Further information on contribution splitting can be found in our **Contributions Splitting fact sheet**, available from the NGS Super website at **[www.ngssuper.com.au](http://www.ngssuper.com.au)** or one can be mailed to you if you call **1300 133 177**.

### Example 1

Dave has a gross salary of \$65,000 per year. He has decided that he would like to boost his retirement savings by adding to his superannuation. He can afford to contribute \$15,000 from his after-tax income but would like to know if he should contribute to his superannuation from before-tax or after-tax income. The taxation situation for Dave would be as follows, depending upon which contribution method he takes.

After-tax -contribution	
Gross salary (total income)	\$65,000
Less taxation	\$14,325*
Net disposable income	\$50,675
Less after tax super contribution	\$15,000
Net income	\$35,765

In this situation Dave would contribute \$15,000† after tax. His total income is over the threshold for the co-contribution, so he is not eligible for a co-contribution.

Salary sacrifice (Before-tax) contribution	
Gross salary (total income)	\$65,000
Less salary sacrifice	\$23,039 (before tax)
New taxable income	\$41,961
Less taxation	\$6,196*
Net income	\$35,765

However, if Dave contributes \$23,039 before tax (which would result in a net contribution of \$19,583 after applying the 15% contributions tax) he would have saved approximately \$4,583 extra in super while still enjoying the same cash in hand in his pay. Dave's salary sacrifice contributions are included in his total income, which means his income is over the co-contribution income limit. Regardless of whether Dave made an after-tax contribution, he would not qualify for a co-contribution.

\* Based on current marginal tax rates excluding the Flood Levy, but including the 1.5% Medicare levy and only taking into account the low income tax offset where it applies, but without consideration being made for any other taxable income received, which could affect eligibility for any co-contribution benefit.

† No investment earning assumptions have been made in relation to the calculation of this total contribution.

### Example 2

Debbie has a gross salary of \$45,000 per year and wishes to top up her superannuation by making a contribution of \$5,000. She is unsure whether to make this contribution from before-tax or after-tax income dollars. The taxation situation for Debbie and opportunity to benefit from saving more in her super account are as follows.

After-tax -contribution	
Gross salary (total income)	\$45,000
Less taxation	\$7,275*
Net disposable income	\$37,725
Less after tax super contribution	\$5,000
Net income	\$32,725

In this situation Debbie would contribute \$5,000 from her after-tax income and would also be eligible for approximately \$564 in superannuation co-contributions. The total super contribution would amount to \$5,564\*

Salary sacrifice (Before-tax) contribution	
Gross salary (total income)	\$45,000
Less salary sacrifice	\$7,752 (before tax)
New taxable income	\$37,248
Less taxation	\$4,523*
Net disposable income	\$32,725

However, if Debbie was to contribute \$7,752 from her before-tax salary income this would result in a net contribution of \$6,589 (after applying the 15% contributions tax). She would save an extra \$1,025 over the after-tax total super contribution shown above. Furthermore, Debbie may consider making an additional after-tax contribution (on top of the salary sacrifice contribution) of approximately \$564 and then also receive up to \$564 from the superannuation co-contribution. The total contribution Debbie makes to her super account under this scenario would then amount to approximately \$8,316†, assuming she is able to contribute the extra after-tax amount to receive a benefit from the Government co-contribution scheme.

\* Based on current marginal tax rates excluding the Flood Levy, but including the 1.5% Medicare levy and only taking into account the low income tax offset where it applies, but without consideration being made for any other taxable income received, which could affect eligibility for any co-contribution benefit.

† No investment earning assumptions have been made in relation to the calculation of this total contribution.

### Do you need more information?

Phone our Customer Service team on **1300 133 177**, Monday to Friday, between 8am and 8pm (AEST). You can also refer to the Product Disclosure Statements (PDSs), on our website.

### NGS financial planning service

NGS Super members are also entitled to

- free personal advice on single issues related to NGS Super, and
- a free initial one-hour consultation for a financial plan

through our financial planning service. We also offer low fixed fees for financial plans – no hidden costs or commissions.

For further information, or to make an appointment, please call **1300 133 177**.

### How to contact us

Visit our website [www.ngssuper.com.au](http://www.ngssuper.com.au), or contact our Customer Service Team or your local Client Relationship Manager at any time. We're here to help you.

NGS Super Administration

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### Important information

This is general information only – it does not take into account your objectives, financial situation or needs.

Please assess your own financial situation, read the *Member Guide* (Product Disclosure Statement) for any product you may be thinking of acquiring and consider seeking professional advice before acting on this information.

The NGS financial planning service is offered to members of NGS Super (ABN 73 549 180 515) through an arrangement with Mercer Financial Advice (Australia) Pty Ltd (ABN 76 153 168 293) (MFA) which holds Australian Financial Services Licence No. 411766 authorising the provision of financial advice.