

# OPPORTUNITIES AND LIMITS FOR SUPER CONTRIBUTIONS

*Make the most  
of the rules.*

FACT SHEET 8

1 JULY 2018

The minimum contribution set by the Superannuation Guarantee (SG) legislation is currently 9.5% of your ordinary time earnings<sup>1</sup>, subject to a maximum dollar amount. For many people this is the only amount currently being saved for their future retirement.

## Making contributions

Growing your super is easy, and super can be a tax effective way to save for your future. The table on the right and over the next few pages provides details of the different types of contributions you and your employer can make. There are annual limits that apply, and details of these limits are provided on page 4.

Contribution type	Contribution details												
<b>Before-tax (concessional) contributions</b>													
<b>Superannuation Guarantee (SG)</b>	<p>These are compulsory contributions made by your employer on your behalf and apply to:</p> <ul style="list-style-type: none"> <li>· all employees who earn at least \$450 per month, and</li> <li>· if less than age 18, they must also work more than 30 hours a week.</li> </ul> <p>Your employer must contribute a minimum of 9.5% of your ordinary time earnings (OTE).</p> <p>The required SG contribution rate is proposed to rise from 9.5% to 12% of OTE by 1 July 2025 as shown in the following table.</p> <table border="1"> <thead> <tr> <th>Year (commencing 1 July)</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>10.0</td> </tr> <tr> <td>2022</td> <td>10.5</td> </tr> <tr> <td>2023</td> <td>11.0</td> </tr> <tr> <td>2024</td> <td>11.5</td> </tr> <tr> <td>2025</td> <td>12.0</td> </tr> </tbody> </table>	Year (commencing 1 July)	Rate (%)	2021	10.0	2022	10.5	2023	11.0	2024	11.5	2025	12.0
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<b>Award</b>	<p>These are contributions made by an employer if they are specified in an Award or Agreement certified by an industrial authority.</p> <p>These contributions can include employees:</p> <ul style="list-style-type: none"> <li>· 18 years of age working less than 30 hours a week, and</li> <li>· age 75 years or older</li> </ul> <p>who are not eligible for SG contributions.</p>												
<b>Employer Additional</b>	<p>These are additional contributions made by your employer over and above any compulsory amounts that are required by SG legislation or specified in an Award or certified by an industrial authority.</p>												

<sup>1</sup> Ordinary time earnings (OTE) – more information is available from the Australian Taxation Office (ATO) at [www.ato.gov.au](http://www.ato.gov.au)

# GIVE YOUR SUPER A BOOST

For more information on contributing to your super, please read the following fact sheets which are available on our website at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS).

- *Let the government top up your super*
- *Salary sacrifice and save*
- *Make spouse contributions work for you*
- *Split super contributions with your spouse.*

Contribution type	Contribution details
<b>Before-tax (concessional) contributions continued</b>	
<b>Salary sacrifice</b>	<p>Salary sacrifice refers to contributions made to your super from your salary before income tax is taken out. You can make these before-tax contributions with the agreement of your employer. Depending on your situation, salary sacrificing extra contributions into your super may reduce your income tax since you pay only 15%<sup>2</sup> on these contributions when we receive them, which is likely to be less than your marginal income tax rate.</p> <p>These contributions and investment earnings must be preserved, until you have met a condition of release (see page 5 for details).</p> <p>We can accept these contributions if you are under 65. If you are aged 65–74, we can accept these contributions provided that you remain gainfully employed<sup>2</sup>. We cannot accept these contributions if you're 75 or over.</p>
<b>Personal contributions for which you claim a tax deduction</b>	<p>You may claim a deduction for personal contributions if you are under age 75 (subject to the concessional contribution limit and your eligibility to contribute). You will need to notify us of your intent to claim a tax deduction on the personal contribution prior to any withdrawal from your super account by completing a <b>Notice of intent to claim or vary a deduction for personal super contributions form</b>.</p>
<b>After-tax (non-concessional) contributions</b>	
<p><b>Regular contributions from your after-tax pay</b></p> <p>From 1 July 2017, if your super balance as at the previous 30 June is greater than \$1.6m, you will not be eligible to make after-tax contributions. See page 4 for further details on limits.</p>	<p>These contributions are made from money after PAYG tax has been taken out of your pay. These types of contributions can be made regularly from your after-tax pay or by setting up a regular contribution through your bank account using BPAY®.</p> <p>They will only be accepted by us if you have provided us with your Tax File Number (TFN). These contributions and investment earnings must be preserved, until you have met a condition of release.</p> <p>You have already paid income tax on these contributions, so they're not taxed when paid into your account with us or withdrawn. However, you may need to pay tax on any earnings from these contributions. This will depend on when your benefit is paid and if you are under age 60 at the time.</p> <p>We can accept these contributions if you're aged 65 and under. If you're aged 65–74, we can accept these contributions provided you remain gainfully employed<sup>3</sup>. We cannot accept these contributions if you're 75 or over.</p>
<div style="border: 1px solid black; padding: 5px;"> <p>By making after-tax contributions, you may be eligible for the Government co-contribution. For more details on this, please read the fact sheet <b>Let the Government top up your super</b> available on our website at <a href="http://www.ngssuper.com.au/PDS">www.ngssuper.com.au/PDS</a>.</p> </div>	
<b>Lump sum contributions</b>	<p>These types of contributions can be made at any time using BPAY® or by cheque using the <b>Lump sum contribution form</b>, available on our website at <a href="http://www.ngssuper.com.au/forms">www.ngssuper.com.au/forms</a>.</p> <p>We can accept lump sum after-tax contributions if you're aged under 65.</p> <p>If you are aged 65–74, we can accept these contributions provided you remain gainfully employed<sup>3</sup>.</p>

<sup>2</sup> For individuals with a 'combined income' exceeding \$250,000 in 2018/2019, a portion of your concessional contributions will be taxed at the rate of 30% (an additional 15% tax).

Combined income refers to the sum of your taxable income plus concessional contributions. This will be assessed by the ATO as part of your annual tax return.

<sup>3</sup> Gainfully employed means that you are in active employment and receiving remuneration, or reward, for at least 40 hours in a period of not more than 30 consecutive days during the same financial year in which the contributions are made.

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Contribution type	Contribution details
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**After-tax (non-concessional) contributions *continued***

**Spouse contributions<sup>4</sup>**

If you are married or in a de facto relationship (including same-sex couples) you can make spouse contributions. All spouse contributions are preserved. Both you and your spouse must be Australian residents when the contribution is made and must not be living separately and apart on a permanent basis.

**The contributing spouse:**

You must complete a **Spouse contribution form** available at [www.ngssuper.com.au/forms](http://www.ngssuper.com.au/forms) and attach with your cheque payable to NGS Super.

These contributions can be made to any complying superannuation fund which accepts spouse contributions. You can set up a spouse account in NGS Super at any time.

Contributions are paid into your spouse's account. Depending on your spouse's income and the amount you contribute on behalf of your spouse, you may be able to claim a tax offset of up to \$540.

**The receiving spouse:**

You must be the spouse of the contributor at the time the contribution is made. The contribution must be made to a complying super fund such as NGS Super.

You must be gainfully employed<sup>3</sup> if aged between 65 and 69. We cannot accept these contributions if you have reached age 70.

You will also need to meet the following:

- the **receiving spouse** must not have exceeded their non-concessional contributions in the year the contribution is made (see page 4)
- the **receiving spouse** must not have exceeded the super transfer balance cap in the prior financial year (see page 5)

The contributing spouse will receive a tax offset of 18% of the first \$3,000 of spouse contribution (to a maximum of \$540).

The offset available is dependent on the receiving spouse's income. If the receiving spouse's income is:

Receiving spouse's annual income	Offset available
Less than the <b>low income threshold</b> : \$37,000	Then the contributing spouse will receive the full offset which is 18% x contribution amount (contribution up to \$3,000)
More than the <b>low income threshold</b> and less than the <b>cut-out income threshold</b> : \$40,000	The offset is reduced for every \$1 that the receiving spouse's income is over the low income threshold.
More than the <b>cut-out income threshold</b>	Then no offset is available

Therefore if the receiving spouse's assessable income + fringe benefits is over the cut-out income threshold for the income year, no tax offset can be claimed by the contributing spouse.

**Contribution splitting with your spouse<sup>5</sup>**

Our fact sheet **Split super contributions with your spouse** has more details about this. This fact sheet is available on our website at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS).

Up to 85% of any employer and salary sacrifice contributions paid into your NGS *Accumulation account* in a given financial year can be split with your spouse.

After-tax contributions cannot be split.

Contributions can be split once a year. Applications can be made in a current financial year to split contributions made to your account in the previous financial year.

To split contributions with your spouse, you will need to complete the **Contribution splitting form** available on our website.

**Downsizer contribution**

For more information read our information sheet **Downsizer contribution** available at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS)

If you are aged 65 years or older and sell your home, you may be eligible to make a Downsizer contribution into your superannuation.

Existing contribution caps and restrictions do not apply to a downsizer contribution. Therefore, those currently unable to make contributions to super, including:

- those over age 65 who do not meet the work test,
  - those over age 75, or
  - those with a *Total Super Balance* of more than \$1.6 million,
- now have an opportunity to make a further contribution into super.

<sup>4</sup> Contributions you make on behalf of your spouse will count toward their non-concessional contribution limit. See page 4 for details of this limit.

<sup>5</sup> Whilst these contributions do not count toward the concessional contributions limit for the receiving spouse, it does count toward the concessional contribution limit for the contributing spouse. See page 4 for details of this limit.

## Annual contribution limits

Annual contribution limits apply to both before-tax (concessional) and after-tax (non-concessional) contributions made to your super. These limits are indexed each year and any contributions over the limit are subject to extra tax. For more information on the tax applicable, please read our fact sheet **Fees, costs and tax** which is available on our website at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS).

**Please remember that the limits apply to the total of all super accounts that you have.** These limits are as follows:

Contributions	Annual limit
	2018/2019
<b>Before-tax (concessional)</b> Includes employer and salary sacrifice contributions and personal contributions for which you claim an income tax deduction	\$25,000 regardless of age  You will now be able to carry-forward any unused amount of your concessional contributions cap if you have a Total Superannuation Balance of less than \$500,000 on 30 June of the previous financial year. The first year you will be able to access a higher concessional contributions cap (taking advantage of your unused portion for the previous year) is 2019/20. Please see our fact sheet <b>Salary sacrifice and save</b> for more details on this.
<b>After-tax (non-concessional)</b> Includes spouse contributions	\$0 if you <i>Total Super Balance</i> at 30 June 2018 is greater than \$1.6 million.  \$100,000 applies to personal contributions for which you do not claim an income tax deduction.  Or \$300,000 over a three-year period (age limits and superannuation balance limits apply. Please see table below).

## Limits applying to these contributions

The non-concessional (after-tax) cap is \$100,000 per annum for 2018/19. Where your super balance as at 30 June the previous year is greater than \$1.6m, you will not be eligible to make after-tax contributions.

Individuals under the age of 65 may be able to take advantage of the 3-year bring forward rule and make non-concessional contributions up to three times the annual cap over a three-year period. If you are aged between 65 and 74, you will not be able to take advantage of the bring-forward rule and you will need to meet the work test<sup>3</sup> to make an after-tax contribution up to the annual cap amount.

A further constraint on the 3-year bring forward rule is that if your account balance is close to \$1.6m, you will only be able to bring forward the annual cap amount for the number of years that would take your balance to \$1.6m. See table below for further clarification.

Super balance	Contribution and bring forward amount available
Less than \$1.3m	3 years (3 x \$100,000 = \$300,000)
\$1.3m – less than \$1.4m	3 years (3 x \$100,000 = \$300,000)
\$1.4m – less than \$1.5m	2 years (2 x \$100,000 = \$200,000)
\$1.5m – less than \$1.6m	1 year (1 x \$100,000 = \$100,000)
\$1.6m or more	Nil

Transitional arrangements will be in place for you if you have triggered the bring-forward rule in 2016/17 but have not fully used your bring-forward before 1 July 2017. The amount of bring-forward available will be reduced to reflect the reduced annual contribution caps.

## Government co-contributions

The Government co-contribution scheme allows some people to receive an extra boost to their super.

If you're eligible and are making after-tax contributions, the Government will pay you an additional 50 cents for every \$1 of after-tax contribution, up to the co-contribution maximum of \$500. For the 2018/19 financial year, if you have a total income of up to \$37,697, you may be entitled to the maximum co-contribution. For total incomes above \$37,697, the maximum co-contribution will reduce by 3.33 cents for each \$1 of income, and phase out completely at an income of \$52,697. Conditions apply.

For more information, please refer to our fact sheet **Let the government top up your super** which is available on our website at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS).

## How do I make extra contributions?

To make extra contributions regularly from your before-tax or after-tax pay, complete a **Payroll deductions form**, available on our website at [www.ngssuper.com.au/forms](http://www.ngssuper.com.au/forms), and send it to your payroll department to arrange regular deductions. If you make regular contributions from your pay, you can ask your employer to change your contribution amount.

If you make your contributions directly to NGS Super, you can change your contribution amount and frequency at any time. You can make these payments by BPAY®, or by cheque using the **Lump sum contribution form** available on our website at [www.ngssuper.com.au/forms](http://www.ngssuper.com.au/forms).

To make extra contributions using BPAY®, log in to your **Member Online** account on our website at [www.ngssuper.com.au/login](http://www.ngssuper.com.au/login) to get your BPAY® reference number. You can use your BPAY® reference number every time you make an extra contribution from your phone or your online bank account.

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## If we don't have your Tax File Number (TFN) we can't accept your extra contributions

Providing your TFN is a simple way to ensure you don't pay extra tax on your super contributions. If you don't provide us with your TFN, we cannot accept your after-tax contributions. We must also have your spouse's TFN, if they want to contribute to the Fund.

To provide your TFN, please complete and return a **Providing your Tax File Number form** available on our website at [www.ngssuper.com.au/forms](http://www.ngssuper.com.au/forms). You can also update your TFN Online via the **Member login** or by calling us on **1300 133 177**.

## Find your lost super

Do you have more than one super account that has been left behind when you changed jobs? Then it's probably costing you money! Get all your super accounts together in one place and you can:

- pay less to funds for managing your super
- help your super grow faster
- have less paperwork to manage.

There is about \$18 billion in lost and unclaimed super and some of it may be yours.

As a member, we can do a search for you to locate any superannuation money held with the ATO. If we locate any ATO held money, we will transfer these amounts into your NGS Super account.

When performing the search, if we locate other superannuation accounts held with other super funds, we will advise you and you will have the **option** to combine these into your NGS Super account.

To authorise us to perform a search, log into your **Member Online** account and simply select **Find my Super**.

A transfer balance cap of \$1.6m applies on the amount of super you can transfer into the retirement phase once you choose to retire. This applies as a total across all your super accounts and not per fund.

Whilst it is important to be aware of this transfer balance cap, there continues to be no limit on the amount you can hold in your *Accumulation account* that is concessional taxed at 15%, regardless of your age.

For more information, you can read our fact sheet **Fees, costs and tax** available at [www.ngssuper.com.au/PDS](http://www.ngssuper.com.au/PDS).

## More information?

### Contact us

You can contact us at [www.ngssuper.com.au/contact-us](http://www.ngssuper.com.au/contact-us) or call us on **1300 133 177** between 8.00am and 8.00pm (AEST or AEDT), Monday to Friday.

Phone number for callers outside Australia **+61 3 8687 1818**

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**1300 133 177**

If you are thinking about making contributions, consider obtaining professional advice to understand how this works for your personal situation.

We offer low-cost personal advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at [www.ngssuper.com.au/financial-planning](http://www.ngssuper.com.au/financial-planning).

### Important information

You should consider all the information contained in the Product Disclosure Statement dated 29 September 2017 and incorporated fact sheets before making a decision about investing in NGS Super.

The information provided in this fact sheet is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.