AustralianSuper

Growing your super

July 2023

Contents

Super is all about peace of mind

For some, it might mean finally setting off on that trip of a lifetime. But for many others, super simply means having enough to keep paying the bills when you stop working.

If you want more peace of mind when you retire, adding extra to your super if you can afford to is a great way to boost your savings while you're working. The sooner you start, the more chance your super has to grow – and you could even save on tax.

Read on to see how you can start growing your super with personal contributions.

Are you eligible to add to your super?

To add to your super, you must:

1. have supplied your tax file number to your super fund
2. meet the balance requirements.

Before adding to your super, consider your financial circumstances, contribution caps that may apply, and tax issues. Salary sacrifice may affect some Government benefits and employee benefits. Consider getting financial advice before deciding what's right for you.

Types of super contributions

There are two types of super contributions. You can choose to make extra contributions either way, or both ways, depending on your personal financial situation and what works best for you.

1

Before tax

These are also called 'concessional' contributions.

They include:

1. employer contributions
2. salary sacrificed personal contributions
3. personal after-tax contributions you claim a tax deduction for.

2

After tax

These are also called 'non-concessional' contributions. They're amounts you contribute from income you've already paid tax on.

Find the best way to add to your super

Use our projections calculator at **australiansuper.com/calculators**

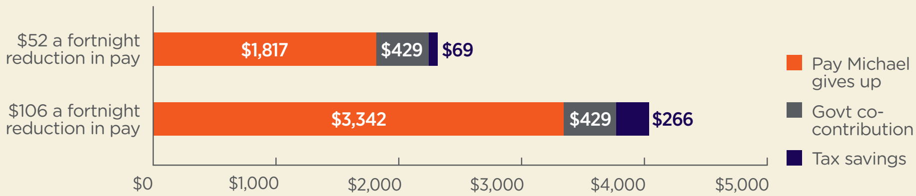
What's the best way to add to your super?

This depends on your income and the tax you pay. Let's look at the examples of Michael and Maria:

Michael, age 30

Michael adds to super, saves tax and gets a bonus government co-contribution.

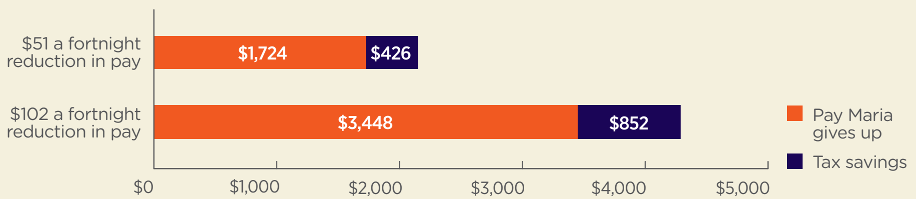
Yearly salary	$40,000	$40,000
Salary sacrifice (before tax) contribution	$624	$2,418
After-tax super contribution	$858	$858
Government co-contribution	$429	$429
Tax saving	$69	$266
Total extra in super p.a.	**$1,817**	**$3,342**



Maria, age 50

Maria makes salary sacrifice (before-tax) contributions.

Yearly salary	$65,000	$65,000
Salary sacrifice (before tax) contribution	$2,028	$4,056
After-tax super contribution	–	–
Government co-contribution	–	–
Tax saving	$426	$852
Total extra in super p.a.	**$1,724**	**$3,448**



These case studies are provided for illustration purposes only and are not a representation of the actual benefits received or fees and costs that may be incurred. Key assumptions: Contributions tax 15%, SG 11% (for financial year 2023/24), tax saving calculations based on 2023/24 ATO resident income tax rates plus 2% Medicare levy and include low income tax offset. Total contributions to super include any applicable government co-contribution. Results have been rounded to the nearest $1.

Growing your super through salary sacrifice

Salary sacrifice is a before-tax (concessional) contribution to super. Doing this can both help grow your super balance and reduce your taxable income.

There are three reasons to add to your super before tax:

1

Pay less tax on contributions

Super is taxed at 15%[1] which is generally lower than income tax.

2

Reduce your taxable income

Salary sacrifice could lower your taxable income and that could save you from paying higher rates of tax.

3

Low income super tax offset (LISTO)

If you earn less than $37,000 p.a., salary sacrificing to super could mean you're eligible for a greater low income super tax offset (LISTO).

Deciding if before-tax contributions are right for you

Before-tax contributions may be a tax-effective way to add to your super if you're a middle or high income earner. That's because super is generally taxed at a lower rate than your salary.

If you're a low-income earner, your tax rate may be the same or lower than your super tax rate, so it's worth checking this to make sure you'll receive the maximum benefit out of making before-tax contributions. If not, after-tax contributions may work for you. Find out more on page 10.

Salary sacrifice may affect some Government benefits and employee benefits. Consider getting financial advice before deciding if a salary sacrifice arrangement is right for you.

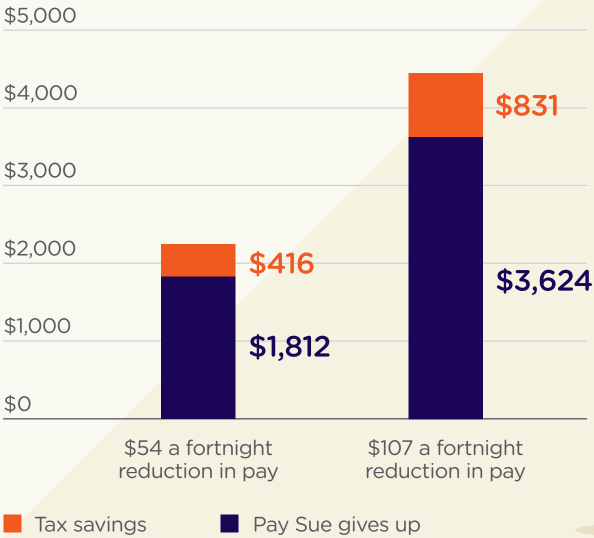
[1] If your income is less than $250,000 a year but goes over $250,000 a year when you include your before-tax contributions, the 30% tax rate will apply to the part of your before-tax contributions that are over $250,000.

CASE STUDY

How Sue grows her super making salary sacrifice contributions

45-year-old Sue earns $110,000 a year. She won't get the government co-contribution, but by giving up $54 a fortnight (as an $82 salary sacrifice contribution), she saves $416 tax and adds an extra $1,812 into super a year.

And by giving up $107 a fortnight (as a $164 salary sacrifice contribution), Sue saves $831 tax and adds an extra $3,624 more into super a year.



Earning $37,000 p.a. or less?

If you're eligible and earn $37,000 p.a. or less, the government will refund 15% of your total before-tax contributions made by you or your employer, up to a maximum of $500 p.a. If you're eligible, the amount will automatically be calculated by the Australian Taxation Office and deposited into your super account each year.

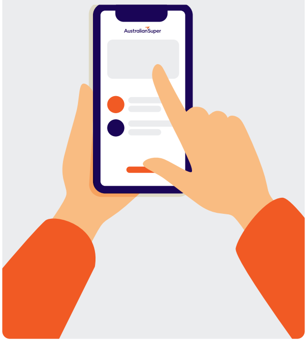
This case study is provided for illustration purposes only and is not a representation of the actual benefits received or fees and costs that may be incurred. Key assumptions: Contributions tax 15%, SG 11%, 2023/24 ATO resident income tax rates plus 2% Medicare levy. Results have been rounded to the nearest $1.

How salary sacrificing works

Salary sacrificing to super means giving up part of your before-tax salary and adding it directly into your super account. Before setting up a salary sacrifice, chat to your employer to make sure they offer salary sacrifice for super.

1
Check if your employer allows salary sacrifice

2
Log into your account online and complete the form



3
Keep an eye on your contributions to avoid going over the cap

Keep in mind that a salary sacrifice arrangement only relates to future salary, not past earnings. For example, you can salary sacrifice a pay bonus only if you entered into an agreement before you became entitled to your bonus.

If salary sacrificing isn't an option

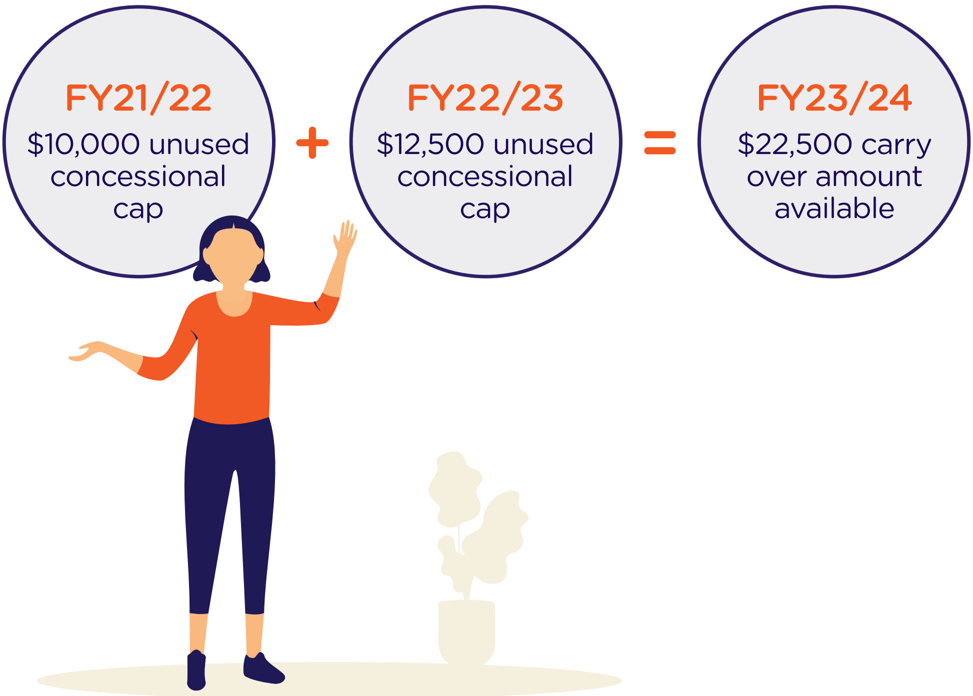
If your employer doesn't offer salary sacrificing, you can also add to your super through personal after-tax contributions and claim a tax deduction for them. To find out more visit **australiansuper.com/ClaimTaxDeduction**

Limits on before-tax contributions

The most you can contribute before-tax to super each financial year[1] is $27,500. This amount includes employer contributions. If you go over the cap, additional taxes may apply.

Carrying over unused concessional cap amounts

You may be able to carry over unused amounts from a previous concessional contribution cap. For example, if your concessional contributions cap was $27,500 in FY2022/23 and you only used $15,000, you can carry an additional $12,500 over to FY2023/24[2]. To be eligible, your total super balance must be less than $500,000 on 30 June of the previous financial year.



[1] From the 2021/22 financial year.
[2] Unused cap amounts are available for a maximum of 5 years.

Contributing extra from your after-tax pay

After-tax or 'non-concessional' contributions are extra contributions you make from money you've already paid tax on.

You can make after-tax (non-concessional) contributions regularly from your after-tax income via BPAY or direct debit or as a lump sum from a tax return, property sale or inheritance. They include spouse contributions you make, after-tax employee contributions and non-deductible personal contributions.

There are three reasons to add to your super before tax:

1

Add more to your super

You can add up to $110,000 after tax without needing to pay additional taxes.

2

Government co-contributions

You could qualify for a co-contribution from the government, depending on how much you earn.

3

Tax-free withdrawals

After-tax contributions you make are tax free when you withdraw them.

CASE STUDY

Rohit boosts his super through after-tax contributions

Rohit's 42 with a young family and works in banking. He wants to boost his super with after-tax contributions, but he's not sure where to start. How much of an impact could after-tax contributions make to Rohit's super by the time he retires? Let's take a look:

	Rohit's super with no after-tax contributions	Rohit's super with after-tax contributions
Age	42	42
Salary	$85,000	$85,000
Current super balance	$95,000	$95,000
Total before-tax contributions	11%	11%
Net after-tax contributions (p.a.)	n/a	$2,600
Accumulated balance at retirement at age 67	$482,000	$575,000
Difference		**$93,000**

Assumptions: Internal AustralianSuper calculations. Based on a member aged 42 at 1 July 2023 with salary and account balance noted above. Member retires at age 67 having worked full-time over 25 years with no career breaks. Employer contributions are 11% initially, rising to 12% in line with legislated increases. Investment returns after fees and taxes are 6.5%. Salary assumed to increase at 3.5% p.a. Salary sacrifice contribution assumed to increase at 3.5% p.a. Admin fees of $1 a week, and 0.10% p.a. of account balance (capped at $350 p.a.). Insurance costs of $500 p.a. not assumed to increase over time. Assumes member will receive a tax benefit of 15% on any administration fees and any insurance fees deducted directly from the account. The account balance at age 67 is shown in today's dollars by discounting at 3.5% p.a. Accumulated balances at retirement rounded to the nearest $1,000.

Limits on after-tax contributions

There is a limit or cap to how much you can contribute to super. If you go over the cap, additional taxes apply.

The cap that applies in your situation will depend on your age, your balance and what you've contributed before.

Annual limit on after-tax contributions

The cap for after-tax contributions to super each financial year is $110,000, however you may be able to contribute more (see below).

Bringing forward non-concessional contributions

Depending on your super balance and age, you may be able to use the bring-forward rules to make extra non-concessional contributions. The bring-forward rules let you contribute up to three years' worth of non-concessional contributions in advance. This could be helpful if you inherited some money or sold property and want to add some or all of those funds to your super. See the table below.

Non-concessional contributions bring-forward period[1]

Total superannuation balance on 30 June of the previous financial year	Non-concessional contributions cap for the first year	Bring-forward period
Less than $1.68 million	$330,000	3 years
$1.68 million to less than $1.79 million	$220,000	2 years
$1.79 million to less than $1.9 million	$110,000	No bring-forward period, general non-concessional contributions cap applies
$1.9 million or more	Nil	n/a

[1] You must be under age 75 during the financial year you first contribute more than $110,000.

How to add to your super after tax

Making after-tax contributions is easy. Simply set up a direct debit through your online account or arrange a BPAY payment through your bank.

Setting up a direct debit

If you want to contribute to your super from your after-tax pay, setting up a one-off or regular direct debit is one of the easiest ways to make regular contributions to your super. Simply nominate your preferred schedule and watch your super savings grow. You can set up a direct debit through your online account or by completing and returning the *Add to your super with after-tax contributions* form to us.

Log into your account

To set up a direct debit, log in to your online account at **australiansuper.com/login**

No online account?

Download the *Add to your super with after-tax contributions* form at **australiansuper.com/forms**

Setting up a BPAY payment

You can also set up one-off or regular payments via BPAY from your bank account. You can find your BPAY details in your online account or on your Annual member statement. Once you have your details, all you have to do is log into your banking app, or online account, and make your payment using your BPAY details.

Step 1

To set up a BPAY payment, log into your online account at **australiansuper.com/login**

Step 2

Schedule a one-off or regular BPAY payment through your online bank account.

Claiming a government co-contribution

If you make after-tax super contributions and your yearly before-tax income is less than $58,445, you could be eligible for a government co-contribution.

Under the scheme, the Government matches 50 cents for every dollar you contribute to your super from your after-tax pay, up to a maximum of $500 p.a. This co-contribution gets paid directly into your super account after you've lodged your tax return for that year, as long as your super fund has your tax file number.

Government co-contribution rates

Total income	Your contribution	Co-contribution
$43,445 or less	$1,000	$500
$49,445	$600	$300
$55,445	$200	$100
$58,445 or more	Any amount	$0

Remember to tell us your Tax File Number

If you don't tell us your Tax File Number, you'll pay 47% tax on your before-tax contribution (this includes the Medicare levy) and we can't accept after-tax contributions from you. Log into your account at **australiansuper.com/login**

CASE STUDY

Louise makes her super go further with a government co-contribution

Louise is 35 and working part-time in administration. She's recently returned to Australia after living overseas. During her travels, she hasn't been contributing to super and she wants to catch up. But that isn't easy on $36,000 p.a. Louise can only afford to add about $20 after tax per week to her super. The good news is she could boost this with a government co-contribution.

Let's see how it works:

	Louise with no after-tax contributions	Louise with after-tax contributions and government co-contribution
Age	35	35
Salary	$36,000	$36,000
Current super balance	$25,000	$25,000
Total before-tax contributions	11%	11%
Net after-tax contributions (p.a.)	n/a	$1,000
Government co-contribution	n/a	$500
Total additional contributions	n/a	$1,500
Account balance after 1 year	$29,500	$31,100

Assumptions: Internal AustralianSuper calculations. Assumes there are no changes to Government Co-Contribution scheme during the financial year. Based on a member aged 35 at 1 July 2023 with salary and account balance noted above. Member works full-time with no career breaks throughout the year. Employer contributions are 11% for FY24. Investment returns after fees and taxes are 6.5%. Salary is assumed to increase at 3.5% p.a. Admin fees of $1 a week, and 0.10% p.a. of account balance (capped at $350 p.a.). Insurance premiums of $500 p.a., not assumed to increase over time. Assumes member will receive a tax benefit of 15% on any administration fees and any insurance fees deducted directly from the account. End of year account balance is not discounted. Figures rounded to nearest $100.

Spouse contributions

Spouse contributions are after-tax contributions you make on behalf of your partner. Depending on how much your partner earns, adding to their super can help secure a brighter retirement for them, and may save you on tax.

There are two reasons to add to your spouse's super:

1

Save on tax

A tax offset of up to $540 may apply for up to $3,000 of spouse super contributions for a non-working or low income spouse.

2

Build your partner's super

Help your partner build their super.

CASE STUDY

How Wendy and James keep her super growing during a career break

Wendy and James have recently welcomed their first child. After looking at their budget, they decide Wendy will take a career break. This means they save on childcare and travel, as well as enjoy spending more quality time with their son. But a seven-year break would leave a big dent in Wendy's super. So, James makes a spouse contribution of $3,000 p.a. for Wendy. This benefits them both. James receives a small tax offset of $540 p.a. and Wendy doesn't fall too far behind on super. In fact, over the seven years, these contributions boost Wendy's super by $44,000.

	If Wendy takes a 7-year career break without receiving spouse contributions	If Wendy takes a 7-year career break and receives spouse contributions
Age	33	33
Salary	$50,000	$50,000
Current super balance	$40,000	$40,000
Total before-tax contributions	11%	11%
Spouse co-contribution p.a.	$0	$3,000
Accumulated balance at retirement at age 67	$284,000	$328,000
Difference at retirement (age 67)		**$44,000**

Assumptions: Internal AustralianSuper calculations. Assumes there are no changes to the Spouse Contribution scheme during the period. Based on a member aged 33 at 1 July 2023 with salary and account balance as noted above. Retirement occurs at age 67 having had a 7-year career break from age 33 (earning no salary during career break), and then working full time from age 40 with no further career breaks to age 67. Employer contributions are 12% by the time the receiving spouse resumes work, in line with legislated increases. Investment returns after fees and taxes are 6.5%. Salary is assumed to increase at 3.5% p.a., including for years where there are career breaks. Admin fees of $1 a week, and 0.10% p.a. of account balance (capped at $350 p.a.). Includes insurance premiums of $500 p.a., not assumed to increase over time. Assumes member will receive a tax benefit of 15% on any administration fees and any insurance fees deducted directly from the account. Receiving spouse elects to retain insurance during their career break. Spouse contribution of $3,000 received by member from spouse does not increase over the 7 years. Receiving spouse is ineligible to claim a government co-contribution from spouse contribution. The account balance at age 67 is shown in today's dollars by discounting at 3.5% p.a. Figures rounded to the nearest $1,000.

Keeping track of your contributions

It's important to keep track of your super contributions to avoid going over the contributions cap.

You can keep track of any contributions you've made into your AustralianSuper account by:

Step 1 Log into your account at **australiansuper.com/login**	**Step 2** Go to 'Add to super'	**Step 3** View your concessional and non-concessional contributions

If you have super with other super funds, you'll need to check your concessional super contributions through your MyGov account.

You can find out more about setting up a MyGov account if you don't have one at: **servicesaustralia.gov.au/individuals/online-help/create-mygov-account**

If you have a MyGov account, follow the steps below to check your concessional contributions:

Step 1 Log into **my.gov.au** and choose 'Services'	**Step 2** Choose 'ATO'	**Step 3** Choose 'Super'
Step 4 Choose 'Information'	**Step 5** Choose 'Concessional contributions'	**Step 6** Choose the financial year you want to review

More than one fund may mean more fees

If you have super with other funds, you'll be paying multiple fees. You can potentially save on fees by combining your super into one account[1]. Visit **australiansuper.com/consolidate** for more information on combining your super into your AustralianSuper account.

[1] Before making a decision to combine your super, consider any fees or charges that may apply, and the effect a transfer may have on benefits in your other fund such as insurance cover. We recommend you consider seeking financial advice.

Looking for help and advice?

Understanding your options comes first. We have a mix of advice options to help you every step of the way.

Online

Contact us through Live Chat at **australiansuper.com** or via our app for general information about your super. Or to check out our series of online calculators to help you plan for a better future, visit **australiansuper.com/calculators**

Or if you're simply after some more information on our advice options, visit **australiansuper.com/advice**

Simple[1]

Call us on **1300 300 273**, and ask to speak with a member of the advice team for simple, personal advice on:

- making an investment choice
- adding extra to your super
- transition to retirement and account based pension options
- sorting your insurance.

Comprehensive[1]

For broader advice, meeting face-to-face with an adviser can help when you want a detailed financial plan and have a number of financial matters to think about. And where available, you have the option to meet with an adviser using a secure video link from the comfort of your own home.

Arrange an appointment at **australiansuper.com/find-an-adviser**

Webinars

Our free online webinars are an easy way to learn about managing your super or planning for retirement. You can access our webinars from the comfort of your own home.

Register at **australiansuper.com/webinars**

[1] Personal financial product advice is provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd. Some personal advice may attract a fee, which would be outlined before any work is completed and is subject to your agreement. With your approval, the fee for advice relating to your AustralianSuper account may be deducted from your AustralianSuper account subject to eligibility criteria.

We're here to help

Call **1300 300 273**
8am to 8pm AEST/AEDT weekdays

Email **australiansuper.com/email**

Visit **australiansuper.com**

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