Super Contributions - Know your limits!

Making additional contributions to your super is a great way to build your retirement savings. But did you know there are caps on the amount you can contribute to your super each financial year? If you contribute over these caps, you may have to pay extra tax.
The cap amount and how much extra tax you have to pay may depend on your age, which financial year your contributions relate to, and whether the contributions are:

- concessional (before tax)
- non-concessional (after tax).

If you have more than one fund, all contributions (concessional or non-concessional) made to all of the funds are added together and counted towards your contributions cap.

Concessional contributions

Concessional contributions are the ones you make before your income tax is taken out. They include

- employer contributions
- any amount you salary sacrifice into super
- personal contributions you claim as a personal super contributions deduction

For the 2018/2019 financial year, the concessional super contributions cap remains at $25,000 for everyone.

Did you know?

As concessional contributions are paid before tax is applied, it means that your super fund pays tax on the contributions at 15%. Note:

- An additional 15% will be paid on those contributions where your adjusted taxable income is greater than $250,000 pa.
- If you split your before-tax contributions and give some to your spouse, these contributions still count towards your con cessional cap.
- From 1 July 2018, you can make 'bring-for-ward' concessional super contributions if you have a total super balance of less than $500,000. You can access your unused concessional contributions caps on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire. The first year in which you can access unused concessional contributions is the 2019–20 financial year.

What happens if you exceed the concessional contribution cap?

Any contributions you make over the cap will be taxed at your marginal tax rate, plus a charge.

Non concessional contributions

Non concessional contributions are made into your super fund from after-tax income. They include, but are not limited to:

- Personal contributions for which you do not claim an income tax deducation, and
- Spouse contributions

From 1 July 2017, the annual non-concessional contribution cap was reduced to $100,000 per year, for individuals with a total superannuation balance of less than $1.5 million as at the end of the previous financial year. Upon meeting the work test, this also remains available to individuals aged between 65 and 74 years. Individuals aged 75 or over generally cannot make non-mandated contributions to super.

If you are under 65 years old, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. If eligible, when you make contributions greater than the annual cap, you automatically gain access to future year caps. This is known as the 'bring-forward' option.

Contribution and "bring forward" available to individuals under age 65.

Total superannuation balance	Contribution and bring forward available
Less than $1.4 million	Access to $300,000 cap (over three years)
Greater than or equal to $1.4 million and less than $1.5 million	Access to $200,000 cap (over two years)
Greater than or equal to $1.5 million and less than $1.6million	Access to $100,000 cap (no bring-forward period, general non-concessional contributions cap applies)
Greater than or equal to $1.6 million	Nil

Source: www.ato.gov.au
The total superannuation balance is determined on 30 June of the previous financial year. Transitional arrangements apply to individuals who brought forward their non-concessional contributions cap in the 2015–16 or 2016–17 financial years.

Did you know?
From 1 July 2018, individuals aged 65 or over will be able to make a contribution to super of up to $300,000 from the proceeds of selling their home. These contributions will not count towards the concessional or non-concessional contribution caps and the individual making the contribution will not need to meet the existing maximum age, work or $1.6m balance tests for contributing to super. The home sold must have been owned by the individual for the past ten or more years and have been the principal residence of the individual. Both members of a couple can contribute to super under this policy from the proceeds of the sale

What happens if you exceed the non-concessional contribution cap?
If you exceed your non-concessional contributions cap, you can withdraw the excess non-concessional contributions, and any earnings. The earnings would then be included in your income tax assessment. If you choose not to withdraw your excess contributions, they are taxed at the top marginal tax rate.

Support for you
Rules around making additional contributions to super can be complex – this guide is a summary only. If you need assistance working out your 2018-19 contributions, please get in touch with us on 1800 003 141 or visit www.ato.gov.au/Individuals/Super for more information.