MAKING ADDITIONAL CONTRIBUTIONS TO SUPER

Boosting your super savings for retirement

What types of contributions can be made to my account?

Most employees receive employer Super Guarantee (SG) contributions of at least 9.5% of their salary. You can also choose to contribute additional funds from your salary, or by using available savings or other income.

There are two main types of super contributions:

Concessional Contributions	• Sometimes referred to as employer or before-tax contributions. • These are all contributions that you or your employer make to your super with before-tax income or claim as a tax deduction.
Non-Concessional Contributions	• Sometimes referred to as personal or after-tax voluntary contributions. • These are the contributions you or your spouse make to your super from your after-tax income.

What are concessional contributions?

Concessional contributions include:

- **Contributions your employer pays to your super (including 9.5% SG contributions for 2018/19);**
- **Any contributions you make before income tax is deducted from your salary (known as salary sacrifice);**
- **Any personal contributions that you claim as a tax deduction on your income tax return (for example, contributions from the self-employed).**

There are limits on the amount you can contribute each year before penalties apply. (Up to $25,000 per financial year in concessional contributions can generally be made to your super.)

Changes from 1 July 2019:

From 1 July 2019, the government will allow people with a super balance of less than $500,000 to make additional concessional contributions where they have not used all of their concessional contribution cap in previous years. Unused cap amounts will accrue from 1 July 2018 and carry forward on a rolling basis for five consecutive years.

What are non-concessional contributions?

Non-concessional contributions include:

- **Personal contributions you make to super from your salary after tax has been deducted (if you are eligible, the Government may match your personal contribution by providing a co-contribution);**
- **Contributions your spouse makes on your behalf to super from their after-tax salary.**

There are limits on the amount you can contribute each year before penalty tax applies. You can make up to $100,000 per financial year in after-tax contributions. Additionally, anyone that has super worth over $1.6 million will not be eligible to make personal (non-concessional) contributions to super.

If you are under age 65 and you have less than $1.5 million in super on 1 July, you can also bring forward an extra two years worth of after-tax contributions and make a lump sum contribution of up to $300,000 in the one financial year.

What is salary sacrifice?

Salary sacrifice is when you choose to have your employer pay some of your salary into super instead of taking the money as after-tax pay. The salary you 'sacrifice' is paid directly into your super before income tax is deducted and that could mean you pay less tax overall.

Salary sacrifice is a popular and often tax-effective way of making extra contributions to super, as these contributions are taxed at 15%, which could be lower than your personal marginal tax rate*.

You can ask your employer whether salary sacrificing is available to you and how to start it.

**It is important to note that if you do not provide your Tax File Number to Nationwide Super, your concessional contributions will be taxed at the highest marginal tax rate plus Medicare Levy, rather than 15%.*

Example:

If you earn $95,000 a year, your Marginal tax rate (including Medicare levy) is 39% and your total tax bill is $24,547. If you salary sacrifice $6,000 to super, your salary is now $89,000, your income tax has reduced to $22,252 and your marginal tax rate is 34.5%. The $6,000 is contributed straight to your super fund, where it is taxed at just 15%. So overall you have gone from paying $24,547 in tax to $23,152, a saving of $1,395.

What are tax deductible contributions?

You can generally claim up to 100% of any personal member contributions you have made throughout the year, as a deduction on your tax return, which could reduce the tax you pay - deductible super contributions are only taxed at 15% compared to your marginal tax rate.

See nationwidesuper.com.au/deductions or www.ato.gov.au for more information on what you need to do to claim a tax deduction.

What type of super contribution should I make?

As a guide, generally people who wish to make additional contributions and earn a taxable income of:

Less than $18,200	Make after-tax personal contributions (and receive the co-contribution).
Between $18,200 & $52,500	Make a large enough after-tax contribution to get the maximum co-contribution, and then salary sacrifice any extra income that you can.
More than $52,500	Salary sacrifice or tax deductible contributions (before-tax contributions, saving on tax you pay).

This is a guide only, based on the benefits on offer within these income ranges (eligibility criteria apply) – you should consider their suitability to your own circumstances.

How can I make extra contributions?

Simply talk to your employer about making contributions through your payroll or download a *Personal Contribution Notice* form from nationwidesuper.com.au/forms and follow the instructions on the form. Alternatively, you can call Nationwide Super for further information.

The potential benefit of making extra contributions will vary depending on your personal circumstances. As a Nationwide Super member, you can get help with making decisions about your super, from a Super Adviser over the phone. A Super Adviser will explain the different ways you can contribute to super, and help you choose the right options for you.

Because Nationwide Super wants its members to make good decisions about super, we will pay for the first piece of advice you receive.* To get started, simply contact the Nationwide Super team on 1800 025 241.

**Financial advice is provided through Nationwide Super's relationship with Link Advice Pty Ltd, Australian Financial Services Licence 258145. ^Nationwide Super will pay for the first piece of advice you receive on a single super issue..*

For more information...

1800 025 241 **enquiries@nationwidesuper.com.au** **nationwidesuper.com.au**

NSF Nominees Pty Limited ABN 29 053 228 667 AFSL 253129 Trustee of Nationwide Superannuation Fund ABN 15 201 768 813

Date of issue: 07/18