

Fact sheet

Superannuation contribution limits

In the past, contribution limits were determined according to your age, increasing as you got older and closer to retirement. But from 1 July 2007, set limits apply regardless of your age (some transitional arrangements apply for people over 50).

This means that a more long-term approach is required to ensure that you can accumulate an adequate retirement benefit without being subject to tax.

What are contributions?

There are two types of contributions that can be made to superannuation:

- 1) **Concessional or before-tax contributions** includes Superannuation Guarantee, salary sacrifice, extra employer and self-employed contributions (for which a tax deduction can be claimed). Concessional contributions are taxed within the Fund at a flat rate of 15%. Previously, these were called 'deductible' contributions.
- 2) **Non-concessional or after-tax contributions** are contributions made from your salary, after tax has already been deducted at your marginal tax rate. Previously, they were called 'undeducted' contributions. They include spouse contributions, personal after-tax contributions and the non-taxable portion of an overseas benefit transferred to an AustralianSuper account.

What are the limits?

Concessional contributions

An annual limit of \$50,000 per person applies to all concessional contributions made to super.

Members aged 50 or over in the period from 1 July 2007 to 30 June 2012 are allowed to contribute up to \$100,000 a year until 1 July 2012, when the \$50,000 limit will apply to everyone.

Contributions exceeding these limits will be taxed at 46.5%.

It is important to note that if the limit on concessional contributions is exceeded, not only will the excess amount be taxed at 46.5%, but it will also count towards your non-concessional limit.

Non-concessional contributions

An annual limit of \$150,000 applies to all non-concessional (after-tax) contributions.

However, if you are under age 65, you are allowed to bring-forward two years worth of contributions. This means you can contribute up to \$450,000 over three years without exceeding the limit. Contributions in excess of the limit will be taxed at 46.5%.

Once you reach 65 years of age, you will need to satisfy a work test each year to enable you to continue making non-concessional contributions. This test requires an individual to work 40 hours during a consecutive 30-day period each financial year.

People aged 63 and 64 years who contribute \$450,000 will not have to meet the work test in the two years after they make the contribution.

People over 75 years of age cannot contribute to super.

Further information

For further information, contact AustralianSuper on **1300 300 273** or **www.australiansuper.com**