

Fact sheet

Top-up your super and have more when you retire

Are you saving enough for retirement?

For many, it is unlikely that the 9% compulsory Superannuation Guarantee contributions made by your employer alone will provide you with enough money for a comfortable retirement.

To achieve an adequate retirement income, most people will need to make extra contributions. Often it is easier to contribute small amounts on an ongoing basis through wages, as this accumulates over time and makes less of an impact on your disposable income.

After-tax versus before-tax contributions

You can contribute to super in two ways:

- **After-tax** (after income tax has been deducted)
- **Before-tax** (salary sacrifice – before income tax has been deducted)

With before-tax contributions you only pay 15% tax on the contribution when it is deposited into your super because it comes from your before-tax income.

If you make contributions from your after-tax pay and you're eligible for the Government co-contribution scheme (which is subject to income testing and other criteria), you may receive up to \$1,000 each year from the Government into your super.

The method best for you will depend on your specific circumstances – including your income level and tax situation.

Example

Making contributions work for you – let's look at two examples:

40-year-old Michael works as a claims processor and earns \$40,000 per year.

50-year-old Maria works in insurance sales and earns \$65,000 per year.

Michael	Before-tax (\$)	After-tax (\$)	Maria	Before-tax (\$)	After-tax (\$)
Salary package	43,600	43,600	Salary package	70,850	70,850
Salary	40,000	40,000	Salary	65,000	65,000
SG contributions	3,600	3,600	SG contributions	5,850	5,850
Salary sacrifice contributions	1,400	0	Salary sacrifice contributions	2,600	0
Taxable income	38,600	40,000	Taxable income	62,400	65,000
<i>less</i> Income tax	4,553	5,050	<i>less</i> Income tax	13,002	13,925
<i>less</i> After-tax contribution	0	910	<i>less</i> After-tax contribution	0	1,730
<i>equals</i> Take-home pay after super contribution	34,047	34,040	<i>equals</i> Take-home pay after super contribution	49,398	49,345
Government co-contribution	0	731	Government co-contribution	0	0
Total annual super contribution†	4,250	4,701	Total annual super contribution†	7,183	6,703

\$451 more to super... a \$7 difference in take-home pay

\$480 more to super... a \$53 difference in take-home pay

† After deducting 15% contributions tax. Tax is based on 2010/11 rates and includes the Medicare levy and low income tax offset.

As you can see, middle income earning Michael is better off making after-tax contributions because he's eligible for the Government co-contribution, while higher income earning Maria is better off making salary sacrifice contributions (before-tax) as her gross salary is over the income threshold to get the co-contribution so she benefits more by reducing her assessable income.

You should consider what mix of employer contributions, salary sacrifice and personal contributions is best for you. Use our Contributions calculator at www.australiansuper.com/calculators to compare the benefits of each.

How much tax you pay on contributions

The tax on super contributions depends on your age and the amount contributed to your account.

Type of contribution	Tax	
	If you're under 50	Once you turn 50 (until 30 June 2012)
Before-tax (concessional): any contribution made from your before-tax salary, including SG and salary sacrifice	15% on amounts up to \$25,000 a year 46.5%* on amounts more than \$25,000 a year	15% on amounts up to \$50,000 a year 46.5%* on amounts more than \$50,000 a year
After-tax (non-concessional): any contribution made from your take-home pay	0% on amounts up to \$150,000 a year 46.5%* on amounts more than \$150,000 a year If you're under 65: You can contribute up to \$450,000 tax free in the first year of a three-year period. But any more contributions you make in the following two financial years will be taxed at 46.5%.	

* Including the Medicare levy

How to make contributions to your super

Making after-tax contributions

To make an after-tax contribution to your super, choose your preference from the options below.

BPAY®	<p>Online or over the phone with your financial institution:</p> <ul style="list-style-type: none"> • Biller Code: 58602 • Customer Reference Number listed in MemberOnline
Postbillpay®	<p>At any Australia Post office:</p> <ul style="list-style-type: none"> • Postbillpay Code and Personal Reference Number listed in MemberOnline
Payroll deduction from your after-tax pay	<p>Arrange this with your employer</p>
Cheque/money order – via mail	<p>Fill out the <i>Boost your super form</i> and mail it to: AustralianSuper, GPO Box 1901, Melbourne VIC 3001</p>
EFTPOS/cheque/ money order – in person	<p>Please fill out the <i>Boost your super form</i> and visit our offices, between 8.00 am and 5.00 pm, Monday to Friday:</p> <p>Adelaide: Level 2, 104 Frome Street Melbourne: Level 2, 2 Lonsdale Street Brisbane: Level 11, 120 Edward Street Perth: Level 2, 12 St Georges Terrace Hobart: Level 2, 119 Macquarie Street Sydney: Level 5, 477 Pitt Street</p>

Making before-tax contributions

To make salary sacrifice contributions to super, please speak with your employer. Not all employers offer this to all staff, so check if this is available to you. Making before-tax contributions to super may affect your Superannuation Guarantee contributions. So also check with your employer to see how they handle salary sacrifice arrangements.

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