

Club Super Contributions Fact Sheet



This fact sheet addresses:

- Limits on contributions and taxation of contributions; and
- Eligibility to make contributions

Limits on contributions and taxation of contributions

There are two types of contributions: Concessional and Non-concessional.

Concessional contributions

Concessional contributions are taxed at 15% when received by the Fund. They include:

- Employer contributions – including Super Guarantee contributions, Super Guarantee shortfall payments made by the ATO, contributions made under an industrial award, and voluntary employer contributions (if any);
- Salary Sacrifice contributions – which are contributions made on your behalf directly from your employer to the fund before deducting Pay As You Go withholding tax; and
- Self employed contributions for which a deduction is claimed.

The amount of concessional contributions that are taxed at 15% is capped at a maximum amount per individual per financial year. For the 2011/12 year the cap is \$25,000 (and will be subject to indexation in future years).

For people aged 50 or over during the five years between 1 July 2007 and 30 June 2012, a transitional concessional contributions cap applies as follows:

- \$100,000 for 2007/08 and 2008/09 financial years; and
- \$50,000 for the 2009/10, 2010/11 and 2011/12 financial years.

The Government has confirmed that from July 2012, a permanent \$50,000 concessional contributions cap (which will be subject to indexation in future years) will apply for eligible members aged 50 and over, who have less than \$500,000 accrued in their super. Members aged 50 and over, with \$500,000 or more in their super, will continue to have the \$25,000 concessional contributions cap applied.

Refund of excess concessional contributions

In the 2011 Federal Budget, the Government announced that in respect of the 2011-12 financial year, or later years, an individual who has made excess concessional contributions, above the concessional contributions limit, but less than \$10,000 over the limit, will have the ability to have those excess contributions taken out of their super fund and taxed at their marginal tax rate, rather than at the excess concessional contributions tax rate of 46.5% (i.e. 15% contributions tax + 31.5% excess tax).

The following eligibility criteria applies:

- This measure is only available from 1 July 2011, for the 2011/12 financial year & later financial years;
- Excess concessional contributions in previous financial years are not eligible;
- It is a one-off ability to remove excess contributions. Once an individual has used this refund, they are unable to claim further refunds of excess contributions;
- It is only available where an individual has exceeded their concessional contributions limit by less than \$10,000;
- If an individual exceeds their concessional contributions limit by more than \$10,000, they cannot have the excess amount refunded.

Tax deductibility of contributions

Self employed people can claim a full tax deduction for contributions made before age 75. They may also qualify for the Government co-contribution on personal contributions if they are not claimed as a tax deduction.

Employers can claim a full tax deduction for contributions to super on behalf of employees up to age 75.

Quotation of Tax File Number

If you do not supply your Tax File Number to the Fund, concessional contributions made by you or on your behalf may be subject to additional tax of 31.5%, in addition to the 15% tax already applied to concessional superannuation contributions.

If you are aged under 65, you can bring forward two years of non-concessional contributions, giving you a cap of \$450,000 over three years. The bring forward option is available for members aged under 65.

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Non-concessional contributions

Non-concessional contributions are not taxed when received by the Fund. Non-concessional contributions include:

- Member personal contributions (from after-tax pay);
- Spouse contributions; and
- Excess concessional contributions

Government co-contributions are not counted as non-concessional contributions.

Again, there is a cap on non-concessional contributions that are tax free – it is six times the cap applying to concessional contributions, being \$150,000. Any non-concessional contributions made over the limit are taxed at the top marginal rate. This amount must be withdrawn from your superannuation account. Again, this process involves presenting a 'release authority' to your Fund.

Quotation of Tax File Number

If you do not supply your Tax File Number to the Fund, non-concessional contributions cannot be accepted.

Eligibility to make / receive contributions

As outlined above, employer contributions are classified as concessional contributions. They include:

- a) Superannuation Guarantee (SG) contributions; and
- b) Award contributions (if applicable)
- c) Voluntary employer contributions (if any)

Your employer's obligation to make SG contributions ceases at age 70. Your employer may still make award contributions beyond age 70, if required by a relevant industrial award.

In relation to:

- non-concessional contributions;
- salary sacrifice contributions; and
- self employed contributions

no eligibility or work test requirements apply to make contributions up to age 65. Between ages 65-74, you must be gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in that financial year to make such a contribution. Such contributions cannot be made on or after attaining age 75.

The Government has announced changes that, if passed by parliament, will mean that from 1 July 2013, the Superannuation Guarantee (SG) age limit will increase from 70 to 75. Workers aged 70 to 74 will be eligible to receive SG contributions made on their behalf for the first time, thus matching the age limit for voluntary and self-employed contributions. This proposal is yet to become legislation.

Need advice on where you stand in relation to contribution rules?

Club Super has appointed Money Solutions Pty Ltd (ABN: 36 105 811 836, AFSL No: 258145) as the preferred provider of financial planning services to members. Club Super can refer you to a Money Solutions qualified financial planner for help. Simply ring Club Super on 1300 369 330. Money Solutions may also be able to help you with investment advice, planning for retirement and death and disablement insurance cover.

General Advice Warning

This information is of a general nature and does not take into account your individual financial situation, objectives or needs. Because of this, you should before acting on this advice consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You should obtain a copy of the Fund's Product Disclosure Statement PDS and consider the PDS before making decision. If you require specific advice, you should contact a licensed financial adviser.

Club Plus Qld Pty Ltd (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298) is Corporate authorised representative No 268814 under Australian Financial Services Licence No. 238507 and is authorised to provide general financial product advice in relation to superannuation.

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