September 2020

Fact Sheet

Making Extra Contributions

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mtaasuper.com.au
1300 362 415

For more information, please visit our website at **mtaasuper.com.au**. You can also call us on **1300 362 415**. We're here to help.

Every little bit counts

Thinking of making extra contributions to your super? It's never too early to start. Even small amounts can go a long way in funding your future lifestyle. There are different ways to do this, and this fact sheet is designed to help you understand the options.

Salary sacrifice contributions

For some, salary sacrifice is a great way of boosting super. It's an agreement with your employer to have some of your salary paid into your super, instead of being paid to you. This can have tax advantages – as the contributions tax on super may be less than the tax you would have paid if you took the money as salary.

Your employer may also reduce your SG amounts. You should check with your employer before making salary sacrifice contributions.

Personal contributions

It's worth thinking about personal contributions, which are made into your super account from your after-tax income. Here are the ways you can do this:

- direct payment to MTAA Super
- you can ask your employer to deduct the amount from your after-tax salary and send it to MTAA Super.

Superannuation co-contribution

If you're eligible, this government initiative is a great way to increase your super. Basically, if you're a low or middle-income earner and make personal contributions, the government may also make a contribution to your super account – up to a maximum of $500. For more information, read our fact sheet, *Super Co-contribution*.

If your total super balance exceeds the Transfer Balance Cap (currently $1.6 million), or if you have contributed an amount more than your non-concessional contribution cap for the relevant financial year, you will not be eligible to receive the government co-contribution.

Spouse contributions

By making a contribution to your spouse's super, not only are you helping them – you may also receive a tax offset (up to $540) for doing so. Your spouse has to be a low-income earner or not working at all, and be less than 70 years old. If they're over 65, they'll have to meet a work test. Also, their assessable income (including reportable fringe benefits and reportable super contributions) for the financial year has to be less than $40,000.

How are contributions paid and taxed?

Each type of contribution is paid and taxed in a different way – see the table below.

Contribution	Made by	Paid from	Contributions tax
Salary Sacrifice	Your employer	Before-tax income	15% (30%* if your income is greater than $250,000 p.a.)
Personal	You	After-tax income	Nil
Co-contribution	The Government	The Government	Nil
Spouse	You to your spouse's super account	After-tax income	Nil

* 15% tax is deducted by your super fund/s and the ATO will issue a personal assessment to the member for the additional 15%. This additional tax is imposed on high income earners whose income and relevant concessionally taxed superannuation contributions (referred to as low tax contributions) exceed $250,000 for an income year.

How much can I contribute?

Generally, any contributions you make into your super are either *concessional* or *non-concessional* contributions. The Government has placed limits on how much you can contribute each financial year – called *contribution caps* (shown in the table below). Just remember, any contributions that are over the caps may be subject to additional tax.

Type of contribution	What that includes	Contribution cap
Concessional	Superannuation guarantee contributions Salary sacrifice contributions Personal contributions for which a tax deduction is claimed*	$25,000 per financial year regardless of your age
Non-concessional	Personal contributions Spouse contributions (count towards the receiving spouse's contribution cap)	$100,000 per financial year (or $300,000 over a period of three financial years for those aged under 65)+. In addition, if your total superannuation balance is over the Transfer Balance Cap (currently $1.6 million) at the end of the previous financial year, you will not be able to make any non-concessional contributions during the year (these limits apply per individual, not per fund)

The super co-contribution is not included in the contribution caps.

*All members who are eligible to contribute will be able to make personal tax deductible contributions regardless of their employment status.

+ Transitional rules apply for people who triggered a bring forward period prior to 1 July 2017.

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