Changes to the superannuation contributions caps

Changes from 1 July 2017 affect how much you can contribute to your superannuation account without exceeding the contribution caps, as well as the tax payable on certain contributions, and eligibility for some tax benefits.

We'd like to help you make the most of your super changes, by helping you understand what is changing and to make sure your retirement savings are still on track.

Annual before-tax (concessional) contribution caps

Before-tax (Concessional) contributions include contributions that your employer makes on your behalf, salary sacrifice contributions and personal contributions for which you claim a tax deduction.

The annual caps which apply to the amount of before-tax (concessional) contributions you can make to super have changed. These include employer contributions, salary sacrifice contributions, and personal contributions for which you claim a tax deduction.

From 1 July 2017, this limit is $25,000 for everyone, regardless of age.

Carry forward concessional contributions

From 1 July 2018, you will be able to carry forward any unused before-tax (concessional) contribution cap amounts, if your total super balance is less than $500,000.

Total super balance includes all monies you have in the accumulation and retirement phase of super, less any structured settlement amounts. You must also be under 65 at any time in the financial year in which the contributions are made.

Amounts ‘carried forward’ which have not been used after five years will expire. The 2019-20 financial year is the first year you will be able to use any unused concessional contribution cap amounts.

Here’s an example of how this carry forward rule works: As at 30 June 2019, Bob has a total super balance of $150,000 and made concessional contributions of $20,000 in the 2018-2019 financial year. This means that, in the 2019-2020 financial year, Bob can make concessional contributions of $30,000 (concessional contributions up to the cap of $25,000 plus $5,000 of his unused 2018-2019 cap).

Additional tax on contributions

- Before-tax (concessional) contributions are generally taxed in the fund at the concessional rate of up to 15%.
- However, depending on your income, you may have to pay an additional 15% tax on the concessional contributions you make within the cap. The income threshold at which the additional 15% tax becomes payable is $250,000 from 1 July 2017.

Annual after-tax (non concessional) contribution caps

Also called 'non-concessional contributions', after-tax contributions include personal contributions made from your take-home pay, for which you don’t claim a tax deduction, and contributions made for you by your spouse.

From 1 July 2017 the annual cap for these contributions is $100,000, and you can only contribute to your super if your total super balance is less than $1,600,000. Your total super balance includes all monies you have in the accumulation and retirement phase of super, less any structured settlement amounts. You must also be under 65 at any time in the financial year in which the contributions are made.

Spouse super contributions offset

- From 1 July 2017, the income threshold for spouse super contributions increased to $40,000. If your spouse earns less than $40,000 and you contribute to your spouse’s super, you may be eligible to receive a tax offset of up to $540.
- Income includes assessable income plus reportable fringe benefits and reportable employer super contributions.

Maximise your superannuation contribution opportunities

The super changes may provide increased opportunities for you to boost your retirement savings:

- **Claim a tax deduction for personal super contributions**
  All individuals may be eligible to claim a tax deduction for personal contributions. Remember, a personal contribution that you claim a tax deduction for is a concessional contribution and is taxed at 15%. It also counts towards your concessional cap. You can make personal super contributions if you're aged 65 and under, or if you're 65 or over and meet the work test (working at least 40 hours over 30 consecutive days in the financial year the contribution is being made).

- **Top up your spouse's super**
  Take advantage of the changes to the eligibility rules for the tax offset of up to $540 when you make eligible contributions to your spouse's super account. You may be eligible for an amount of this offset if your spouse's income is less than $40,000 in 2017/18 and certain other eligibility criteria are met.

It's important to review your contribution strategies to ensure that you are taking advantage of changes in legislation.

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