

Non-concessional contributions can help boost your superannuation savings!

Personal (after tax) contributions are now known as “non-concessional” contributions. Non-concessional contributions are contributions made from a tax-paid source, such as after-tax income, or from a savings account. They are contributions for which no tax deduction is being claimed. They may be made by you, or by another party such as your spouse. These contributions may be required as part of your defined benefit entitlements, or you may make these contributions as an optional extra.

Making extra contributions may help to boost your superannuation savings. Of course, the more you are able to contribute, the more your superannuation may grow. In addition, depending on your income, you may also qualify for a Government co-contribution if you make non-concessional contributions (refer to *Fact Sheet #12*).

Limits on non-concessional contributions

A cap of \$150,000 per person, per financial year applies to non-concessional contributions, up to age 75. There are also other rules that apply depending on your age:

Under age 65

Those aged under 65 are able to “bring forward” up to three years worth of contributions and contribute up to \$450,000 in a single year, or spread this total amount over a three-year period. However, no further contributions can then be made in that three year period, once the \$450,000 has been reached.

For example,

- i) Bill is 52 years of age on 1 July 2009 and he contributes \$450,000 after tax to super. He has used three years worth of contributions at one time (\$150,000 per annum) and so cannot make any further after tax contributions until 1 July 2012.
- ii) Rosemary is under age 65 and makes a contribution in one year of \$250,000. She has triggered the “bring forward” rule by doing this, and must make sure that she doesn’t contribute any more than \$200,000 over the following two years in order to avoid any penalty tax (see page 2).

Between age 65 and 74

Those aged over 65 will only be able to contribute into super if they have satisfied the legislated work test rule. The work test is that you must have worked at least 40 hours in a period of not more than

30 consecutive days within the financial year. The maximum non-concessional contribution for people over 65 is \$150,000 per annum. The option to “bring forward” future year’s contributions no longer exists once you turn 65.

Age 75 and over

No after-tax contributions can be made once you are aged 75 or over, regardless of whether you are working or not.

What’s included in the non-concessional contributions cap?

All after tax contributions are included in the cap including:

- > Regular payroll deductions;
- > One-off lump sums via cheque, money order or BPAY;
- > Spouse contributions made on your behalf; and
- > Excess contributions which have breached the concessional (pre-tax) contributions cap (refer to *Fact Sheet #2*).

What’s not included in the non-concessional contributions cap?

The following transactions are not included in the cap:

- > Rollovers from other super funds;
- > Government co-contributions;
- > Certain small business CGT concession amounts contributed to super;
- > Proceeds received as a result of a settlement in relation to a permanent disablement injury.

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The taxation information included in this brochure is a general guide only. As taxation laws are complex and individual circumstances vary, you should seek individual taxation advice from a qualified advisor.

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What happens if you exceed the non-concessional contributions cap?

If you are under age 65 and we receive a single contribution from you that is over \$450,000, we will contact you and ask whether you wish us to refund the excess portion of that contribution (as it has exceeded the allowable three-year "bring forward" amount). If you are over age 65, we will contact you if we receive a single contribution from you over \$150,000.

However, if you exceed the cap from the sum of all contributions paid over a year that were individually less than the relevant cap, the excess contributions will be taxed at the top marginal rate of 45% plus Medicare levy of 1.5%. You will receive an assessment from the Australian Taxation Office (ATO). If you are advised that you must pay tax to the ATO, you will be asked to nominate which super account you wish to have the tax paid from.

Note: Refer to *Fact Sheet #2 "How to make extra contributions"* for further information.

Have you provided your Tax File Number (TFN) to us?

NOTE: If you or your employer have not provided your TFN to us, we are unable to accept any non-concessional contributions for you, and they must be returned to the payer. (Refer to *Fact Sheet #8*).