Equip Super

Salary sacrifice fact sheet

The earlier you start, the easier it is

Salary sacrifice is when you agree with your employer to pay some of your pre-tax salary into your super instead of to you as part of your take-home pay. It's an easy way to perhaps save on tax while growing your super balance, since your salary sacrifice contributions are taxed at 15%*, rather than your marginal tax rate, which may be higher. So you're not really "sacrificing" anything!

Main benefits of salary sacrificing

- Grow your super faster.
- Potentially pay less tax.

How does it work?

Lee earns $85,000 a year, and would like to grow her super faster. She can afford to put an additional $5,000 a year into her super. By putting this extra money into her super, Lee saves tax, while boosting her super at the same time, as the example shows.

	No salary sacrifice	With salary sacrifice
Gross income	$85,000	$85,000
Salary sacrifice	$0	$5,000
Adjusted gross income	$85,000	$80,000
Income tax payable	$17,720	$16,120
Tax on salary sacrifice	$0	$750
Total tax payable	$17,720	$16,870 ($16,120 + $750)
Take-home pay	**$67,280**	**$63,880** ($80,000 - $16,120)
Extra super contribution	$0	$4,250
Net benefit (super + take-home pay)	**$67,012**	**$63,880 + $4,250 = $68,130**

Tax in this example is calculated according to marginal tax rates for the 2026/27 financial year, and assumes no other income. It includes the Medicare levy. If you are a defined benefit member and you decide to salary sacrifice your defined member contribution, the amount sacrificed must be grossed up to allow for the Government's 15% contributions tax.

Mind the cap

You can currently contribute $32,500 to your super before-tax per year. This cap includes any employer pre-tax contributions (such as the 12%) Super Guarantee your employer makes on your behalf, Award, or any notional taxable contributions for a defined benefit member), as well as any salary sacrifice contributions you make to your super (including any bonus payments, if applicable). If you exceed the limit, marginal tax rates apply, though the ATO recognises you have already paid 15% tax on the contributions and gives you a tax offset.

You may be able to carry forward and apply any unused concessional contributions limits for up to five years, as long as your total super balance is under $500,000.

The right thing for you?

If the tax you pay on salary sacrifice contributions (15%*) is lower than your marginal tax rate (see table below), you may be able to achieve significant tax savings. Generally, you can't get access to your super until you retire and have reached your preservation age.

Salary range	Rate	Marginal tax rate 2025/26
$0 - $18,200	0%	Nil
$18,201 - $45,000	16%	15c for each $1 over $18,200
$45,001 - $135,000	30%	$4,020 plus 30c for each $1 over $45,000
$135,001 - $190,000	37%	$31,020 plus 37c for each $1 over $135,000
$190,001 and over	45%	$51,370 plus 45c for each $1 over $190,000

Rates do not include the Medicare levy of 2%.
*Individuals with an income (including concessional contributions) greater than $250,000 pay 30% contributions tax on those concessional contributions over the $250,000 threshold.

Activate your super – it's that easy

- Check if your employer allows you to salary sacrifice.
- Make sure you understand how salary sacrificing affects your other benefits.
- Commit to how much you want to contribute.
- The earlier you start, the greater the potential benefits are over the long run.

Contact our Helpline **1800 682 626** | Visit our website **equipsuper.com.au** | Mail: **Equip Super, GPO Box 4303, Melbourne VIC 3001**

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