Super contributions guide

As well as super guarantee payments from your employer, there are all sorts of ways to save more into super and boost retirement savings. Find out more in our comprehensive super contributions guide.

Super Guarantee contributions

If you work for an income, your employer is required by law to pay your superannuation guarantee (SG) contributions at least once a quarter. Whether you're full or part-time, salaried or casual, if you receive more than $450 per month in wages or salary, you're legally entitled to these SG payments.

Concessional contributions

Super guarantee contributions are treated as concessional contributions, which means they're pre-tax contributions. When you choose to make extra voluntary contributions into super from your pre-tax salary, these are also treated as concessional contributions. This can be done through a salary sacrifice arrangement with your employer and you may benefit from tax concessions on these extra super payments, depending on your marginal tax rate.

There is a maximum amount of concessional contributions you can pay into super in each financial year. This is called the concessional contributions cap and the total amount at the time of writing is $25,000, this includes both SG contributions from your employer and voluntary before-tax contributions.

You can check the ATO website (www.ato.gov.au) for the latest information about the concessional contributions cap for super.

From July 2018, if you don't contribute up to the maximum concessional contributions cap, you can carry forward unused amounts to the next financial year, for up to five years. This only applies if your total superannuation balance is less than $500,000.

The ATO website provides more information on this new 'carry-forward' arrangement.

Non-concessional contributions

$25,000 may be the annual limit on concessional contributions, but that doesn't mean you can't contribute more into super as an after-tax payment. If you're approaching retirement, it may be in your interests to make super contributions from your net income, so you can maximise retirement savings before you stop work. A Certified Financial Planner® professional can help you review your goals and finances for retirement and help you decide whether to top-up your super.

These payments from your after-tax income are called non-concessional contributions. If your super balance is less than $1.6 million, you can pay up to $100,000 into your super as non-concessional contributions in the current financial year.

Government contributions for low-income earners

If you're on a low income, the government offers two ways to boost your super savings if you've made contributions, either as SG or voluntary payments into super.

By making non-concessional contributions, you could be entitled to an annual government co-contribution of up to $500 directly into your super fund. Eligibility for this payment depends on your taxable income and the amount you contribute into super as an after-tax payment.

Visit the ATO website to find out more about the government co-contribution scheme for low-income earners and determine whether you're eligible.

Tax offset for low-income earners

If you're on a low income and make concessional contributions into super – and this includes payments made by your employer under the SG – you could be entitled to a tax offset at the end of the financial year. This is called the Low Income Superannuation Tax Offset (LISTO). Eligibility for this tax offset depends on your taxable income and the amount you or your employer contribute into super as a before-tax payment. If you are entitled to the LISTO, the amount will be paid into your super fund after you lodge your tax return.

Visit the ATO website to find out more about LISTO and determine whether you're eligible.

Spouse contributions and tax offsets

Many super funds allow you to split your contributions – including compulsory payments from your employer under the SG – with your spouse (married or de facto). It's important to be aware that these contributions will still count towards your concessional and non-concessional contributions caps.

If your spouse isn't working or is earning a low income, you may also be entitled to a tax offset for these contributions into their eligible super fund.

Visit the ATO website to find out more about the tax offset for contributions made to super on behalf of your spouse and determine whether you're eligible.

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