Contributions

July 2024

This Fact Sheet provides details about types of contributions, tax on contributions and the contribution limits. Depending on your personal situation, there are different types of contributions you may choose to make to your super. You can learn more by visiting our contributions and tax webpage at **virginmoney.com.au/superannuation/understanding-super**.

There are different types of contributions you can make, most of which will be either classed as:

- Concessional (before-tax) contributions
- Non-concessional (after-tax) contributions

Contribution caps apply to both contribution types. Contribution caps are administered by the ATO, so if you have multiple super accounts, even with different super funds, any money you contribute to those accounts will count towards your individual contribution caps.

Concessional contributions

Concessional contributions include:

- Employer contributions (including compulsory SG, voluntary employer contributions and salary sacrifice) from all employers
- Other amounts paid by your employer from your before-tax income to your super fund, such as administration fees and insurance premiums
- Personal contributions to super for which you claim an income tax deduction
- Certain allocations from reserves of a super plan
- Certain contributions made by any other third party (parent, relative or friend if you are 18 years or older) other than an employer or your spouse
- Some types of transfers from an overseas fund

If you are a defined benefit super fund member, concessional contributions also include notional taxed contributions, which are determined based on the notional taxed contribution rate that applies to you. For details of your notional taxed contributions and your notional taxed contribution rate, refer to your online account.

Non-concessional contributions

Non-concessional contributions are typically made with your after-tax money, such as funds in your savings account and are not subject to any tax when added to your super account.

You can generally make up to $120,000 of contributions each financial year (or up to $360,000 by using the 'bring-forward' rule).

Non-concessional contributions include:

- Contributions you or your employer make from your after-tax income (except any such contributions for which you claim an income tax deduction)
- Contributions your spouse makes to your super
- Excess concessional contributions over the concessional contributions cap (unless refunded)
- Certain amounts allocated by the trustee, and
- Some transfers from an overseas fund

A super fund can only accept these contributions if you have given it your TFN. For further information on personal contributions please see our **personal contributions page**.

Salary Sacrifice

You can make regular personal contributions on a before tax or salary sacrifice basis, as long as you have your employer's approval, and you are under age 75.

Depending on your situation, salary sacrificing into super may save you tax. You don't generally pay personal income tax on the part of your salary that's going into super. Instead your contributions are generally taxed at a concessional rate which may be lower than your personal income tax rate.

We recommend you speak to a licensed, or appropriately authorised, financial adviser before choosing to contribute on a salary sacrifice basis.

For further information on salary sacrifice, please see our **salary sacrifice page**.

First Home Super Saver Scheme (FHSSS)

The First Home Super Saver Scheme allows you to make both concessional and non-concessional contributions to your super, and later withdraw up to $50,000 (made up of both the original contributions and their associated investment earnings) to be put towards purchasing a property to live in including those intending to build a home.

You can contribute up to $15,000 per financial year and a total of $50,000 across all financial years under the FHSSS. These contributions must be made within existing contributions caps (for details see the Contributions caps section later in this Fact Sheet).

You need to meet certain conditions to be eligible for a withdrawal under the FHSSS. The main eligibility rules are that you:

- Must be aged 18 or over
- Must have not previously used the FHSSS*
- Must have not owned a property in Australia (unless this condition is waived by the ATO due to financial hardship),
- Intend to buy a property within 12 months from the date of the withdrawal from your fund
- Must buy a residential property and not a property that cannot be occupied as a residence, a houseboat, a motor home, or a vacant property (unless you are planning to build), and
- Intend to live in the property for at least six months of the first 12 months you own it or after it is practical to move in

To make a withdrawal under the FHSSS, you will need to make an application to the ATO. If eligible, the ATO will determine how much you can withdraw and arrange for the release of the money from your super fund.

The calculation of the maximum withdrawal amount allows for the 15% tax payable by your fund on any salary sacrifice contributions and on any contributions for which you claim a tax deduction. Any part of the withdrawal that relates to un-deducted after-tax contributions will not be subject to tax, with the remainder taxed at your marginal tax rate less a 30% tax offset.

If you do not sign a contract to purchase or commence construction of a home within the required period and notify this to the ATO, you must:

- Apply for an extension of time for a maximum of a further 12 months
- Recontribute the amount (net of tax) into a superannuation fund (as a non-concessional contribution), or
- Pay a tax of 20% of the assessable amount released

For further information on the First Home Super Saver Scheme, including eligibility criteria, please refer to the ATO website **ato.gov.au** for more information about these rules.

*From 15 September 2024 individuals will be allowed to withdraw or amend their requests prior to them receiving a (FHSS) Scheme amount and allowing those who withdraw their request to re-apply for (FHSS) Scheme releases in the future. For more details, go to **ato.gov.au**

Downsizer contributions

For those customers 55 years of age and older, you may be eligible to contribute up to $300,000 ($600,000 for a couple) to your super account, if the funds come from the sale of your home. This contribution won't count towards either of your contributions caps or be subject to super contributions tax provided you meet the following conditions:

- You or your spouse owned the home for at least 10 years before the sale
- Your home is in Australia and is not a caravan, houseboat or other mobile home
- The proceeds from sale are exempt or partially exempt from capital gains tax (CGT)
- You provide your super fund with the downsizer contribution form, either before or at the time of making your downsizer contribution
- You make your downsizer contribution within 90 days of receiving the proceeds of sale, and
- You have not previously made a downsizer contribution to your super from the sale of another home

A downsizer contribution is not counted against your non-concessional contribution cap however it does count towards your transfer balance cap (see Contributions caps section later in this Fact Sheet).

Refer to the ATO website **ato.gov.au** for more information about these rules.

Contribution splitting

You may be able to split your super contributions with your eligible spouse and transfer permitted contributions to an account in the name of your eligible spouse in a complying superannuation fund.

An eligible spouse includes:

- Your husband or wife
- Another person with whom you are in a registered relationship, or
- Another person who lives with you on a genuine domestic basis in a relationship as a couple

An eligible spouse must not have permanently retired (if past their preservation age) or reached age 65.

You will generally be able to request a contribution split of up to 85% of concessional contributions. You must also maintain an account balance in the Mercer Super Trust of at least $5,000.

Any contributions that you split will continue to be counted towards your concessional contribution limit.

You cannot split the following contributions:

- Contributions over the concessional contribution limit, untaxed contributions including customers contributions (but excluding contributions for which you have advised the trustee that you are claiming a tax deduction or salary sacrifice contributions), eligible spouse contributions and amounts contributed by the Government
- Amounts rolled over or transferred into the Mercer Super Trust

- Lump sum payments from an overseas super fund
- Notional contributions relating to a customer's defined benefit, and
- Contributions that legislation restricts or prohibits splitting. You will be advised when you request a split if this applies to you.

When you can split contributions

Contributions that can be split include employer contributions, salary sacrifice contributions, personal contributions that you can claim a deduction for, contributions made by family and friends (other than those made by your spouse or for a child under 18 years old) and allocations from reserves that are assessable.

You can request to split all or part of a previous financial year's contributions i.e. contributions from 1 July to 30 June, once that financial year is over. You have up to 12 months from the end of that financial year to request a contribution split.

If you leave your Plan before the 12 months is over, the trustee must receive your request to split contributions on or before the time that your super is paid out, rolled over or transferred to another super fund.

You may also be able to split contributions made in the financial year of your super payout. You will need to provide your request to split contributions to the trustee on or before the time that your super is paid out, rolled over or transferred to another super fund.

Only one split of contributions for a financial year is permitted.

To request a contribution split, you must complete the correct form, which is available on **virginmoney.com.au** (sign in using your personal login) or calll the Customer Care Team on **1300 652 770**.

We recommend you seek advice from a licensed, or appropriately authorised, financial adviser before making any decision about contribution splitting.

Tax on contributions

The amount of tax payable on super contributions depends on:

- Whether the contribution is concessional or non-concessional (described above)
- The amount of the contribution
- Whether you have provided your super fund with a TFN
- Your total superannuation balance, and
- In some cases, your income

Concessional contributions are generally taxed at 15% when received by a super fund. Allowance for this tax is deducted from your super account and is calculated as 15% of your net concessional contributions after relevant insurance premiums are deducted.

Non-concessional contributions are generally tax free when received by a super fund.

Additional tax for high income earners

If your income (see below) is $250,000 or more, you will need to pay an additional tax of 15% on some or all of your concessional contributions.

If your income excluding non-excess concessional contributions is less than $250,000, the additional tax only applies to the part of your non-excess concessional contributions that takes your income over the $250,000 threshold.

You will receive an assessment notice from the ATO if you need to pay this tax. You can generally pay it from your super account.

If you have defined benefits, it will generally be possible to defer tax which relates to your defined benefits. You will generally have to pay this tax (plus interest) when you receive your benefits.

Your income for contributions tax purposes includes:

- Your taxable income (including excess concessional contributions and the taxable component of any super benefit you receive*)
- Your total reportable fringe benefits
- Your total net investment loss, and
- Any non-excess concessional contributions

*If you are between your preservation age and age 60 and receive a super benefit where a tax offset reduces tax on part or all of the taxable component to zero, this part of the benefit is not counted as income. This applies to amounts up to $235,000 for the 2023/2024 financial year. From 1 July 2024, the preservation age will be age 60.

No TFN tax

A super fund can't accept contributions if you do not provide your TFN.

If you don't give your TFN to your super fund, your fund will have to pay extra tax of 32% of all your concessional contributions and will deduct this from your account. If your fund has already paid this extra tax, you can still give your super fund your TFN. Your super fund may be able to claim the extra tax back from the ATO and put it in your super account, however there are timeframes and limitations on reclaiming backdated contributions.

If you leave your fund before submitting your TFN and your fund has paid extra tax to the ATO for you, you may be able to request a refund of this extra tax. Call the Customer Care Team on **1300 652 770** for information about this process.

Claiming a tax deduction for your super contributions

You may be eligible to claim a tax deduction for your super contributions, if:

- If you meet the age restrictions (see below)
- You give a valid notice to the super fund of your intention to claim a deduction and the super fund acknowledges your notice, and
- The notice is given to the super fund by the earlier of:
- The day you lodge your income tax return for the year in which you made the contributions, or
- The end of the financial year following the year the contribution was made

Work test

Where you are looking to claim a deduction for personal contributions made when you were aged 67 or over, you need to satisfy the Work test.

To satisfy the Work test, you must have worked at least 40 hours over 30 consecutive days in the financial year the contribution was made.

You may also be able to claim a deduction if you had a superannuation balance of less than $300,000 at 30 June of the previous financial year and met the Work Test requirement in the previous financial year.

It's important to note that you cannot have previously utilized this exemption from the Work Test.

You can't claim a tax deduction for:

- Contributions paid by your employer from your before-tax income (including superannuation guarantee, salary sacrificing and other reportable employer super contributions)
- Re-contribution of COVID-19 early release of superannuation amounts
- Super you transfer from one fund to another (including an overseas super fund)
- Contributions you split with your spouse
- Super contributions you transfer to start an account based pension
- (FHSS) Scheme amounts that you have recontributed to your super account
- Downsizer contributions

A notice will not be valid, and you won't be able to claim if:

- The notice does not meet ATO requirements
- You have left the super fund you are issuing the notice to
- The trustee no longer holds that contribution for you (i.e. if you have made a partial withdrawal from your super fund, you may only be able to claim a deduction on part of your contribution), or
- The trustee has started to pay an income stream or pension to you

Your deductible superannuation contributions plus your other concessional contributions are limited to your concessional contributions cap.

Call the Customer Care Team on **1300 652 770** for more information about claiming a deduction. Refer to the ATO website **ato.gov.au** for more information about these rules.

Spouse contributions tax offset

If your income (assessable income, reportable fringe benefits and reportable employer superannuation contributions) is $37,000 or less, your spouse may be entitled to a tax offset of 18% for contributions (up to $3,000) they make for you. If your income is between $37,000 and $40,000, you may be entitled to a reduced tax offset.

You need to meet certain conditions to be eligible for a tax offset. These include that:

- The contribution must be made to a complying super fund and is not deductible, and
- You must be living with your spouse, and you must both be Australian Residents, and
- Your total superannuation balance (including any pension balances but excluding any structured settlement amounts) at the prior 30 June was less than the general transfer balance cap* and
- You did not exceed your non-concessional contributions cap for the relevant financial year

*$1.9 million for the 2024/2025 financial year

Contribution caps

Contribution caps apply to most contributions made to your super within a financial year. You may need to pay extra tax on amounts in excess of these caps. If you want to avoid excess contributions, it is your responsibility to make sure that the total amount of each type of contribution to your super does not exceed the limit.

If you have two or more employers and expect your combined employers' mandated concessional super contributions to exceed your concessional contributions cap for a financial year, you can apply to opt out of receiving SG from some of your employers. You still need to receive super contributions from at least one of your employers. Refer to the ATO website ato.gov.au for further details.

Concessional contributions cap

The general concessional contributions cap is $30,000 for the 2024/25 financial year for all individuals regardless of age.

If you have a total superannuation balance of less than $500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap and make additional concessional contributions for any unused cap amounts in the previous five years. Amounts carried forward that have not been used after 5 years will expire. Refer to the ATO website ato.gov.au for more information about these rules.

The ATO will work out whether you have exceeded your cap and will notify you if you need to pay additional tax.

Non-concessional contributions cap

The annual non-concessional contributions cap for the 2024/2025 financial year is $120,000. (Note non-concessional contributions other than downsizer contributions cannot be accepted if you have reached age 75*).

*Contributions may be accepted until the 28th day after the in which you have turned 75.

A zero cap will apply to your non-concessional contributions cap if your total superannuation balance (including any pension balances but excluding any structured settlement amounts) was $1.9million or more at 30 June 2024

Individuals who were under age 75 at the start of the financial year may be eligible for the bring-forward arrangement. The bring forward arrangement allows individuals to make non-concessional contributions of up to 3 times the non-concessional limit in the first year of a 3-year period. This is capped at $360,000 for the 2024/25 financial year.

The arrangement is automatically triggered if an individual contributes more than the annual non concessional contributions cap in a financial year, referred to as "the first year."

- A lower bring forward limit of $240,000 (twice the non-concessional cap) will apply in 2024/25 financial year for a person whose total super balance (including pension balances) at 30 June 2024 is $1.66 million or more but less than $1.78 million
- Bring forward will not be available in 2024/25 financial for those with a total super balance of $1.78 million or more at 30 June 2023

Refer to the ATO website **ato.gov.au** for more information about these rules.

Exemptions from contributions caps

Certain contributions are not considered concessional or non-concessional contributions. These may be subject to other specific contribution standards and limitations.

Subject to meeting relevant conditions, the following may be partially or fully exempt from the non-concessional contributions cap:

- Specific contributions made from the disposal of qualifying small business assets which are elected to count against the super capital gains tax (CGT) cap
- Certain contributions made from a personal injury payment (also known as a structured settlement)
- Downsizer contributions (but if used to start a retirement phase pension will still count towards your transfer balance cap), and

Re-contributions of COVID-19 early release amounts made between 1 July 2021 and 30 June 2030.

Refer to the ATO website **ato.gov.au** for more information about these rules.

If you exceed the caps

The ATO will send you an excess contributions assessment if you exceed a cap. You can then elect to get a refund of the excess contributions (less the 15% contributions tax for excess concessional contributions).

Excess concessional contributions

- Your excess concessional contributions will be treated as assessable income and taxed at your marginal income tax rate
- The ATO will apply a tax offset of 15% (reflecting the contributions tax paid by the super fund) that will result in you having to pay the same amount of tax overall as if you had received the excess contributions as income
- If not refunded, the excess amount will be counted towards your non-concessional contributions

Excess non-concessional contributions

After receiving your assessment, you can choose for your super fund to refund your excess non-concessional contributions, including 85% of notional investment earnings on those contributions. If you do not obtain a refund of your excess contributions, they will be taxed at 47%.

The ATO will count the full amount of refunded notional investment earnings as assessable income and will tax you at your marginal rate. They will apply a 15% tax offset to recognise these earnings have already been taxed in the fund.

What you need to do

The ATO will tell you how to get your excess contributions refunded or pay the extra tax when they send you an excess contributions assessment.

Different rules apply, depending on when the excess contributions were made and whether the assessment relates to concessional or non-concessional contributions.

If you have enough super, you can generally ask the ATO to get your super fund to pay the tax from your super account. We may not be able to pay or refund tax from any defined benefit you might have in your plan.

Call the Customer Care Team on **1300 652 770** for more information about this process. If you need more information refer to the ATO website **ato.gov.au** for more general information or log in to your myGov account and go to the ATO Superannuation section for information including super contributions reported for you and how you are tracking against your personal contribution caps.

Age restrictions on of contributions

This table shows the different types of contributions and the age restrictions that apply to making these contributions. Please refer to the Australian Tax Office (ATO) website **ato.gov.au** for more information.

For other Fact Sheets please see our **Disclosure Documents** page.

Type of contribution	You are under age 75	You have reached age 75
Personal (after-tax) contributions, including contributions for which you intend to claim a tax deduction	Any time*	Not Permitted**
Downsizer contributions	Permitted from age 55	Any time
Compulsory employer contributions (includes Superannuation Guarantee (SG) contributions and/or contributions required by law)	Any time	Any time
Additional employer contributions (includes salary sacrifice contributions)	Any time	Not permitted**
Spouse contributions (contributions your spouse makes to your super)	Any time	Not permitted**
Transfers from an overseas fund	Any time^	Not permitted**

*The conditions for claiming a tax deduction include a work test for those age 67 or over (see section Claiming a tax deduction for your super contributions in this Fact Sheet for more details).

** Contributions based on the age 74 rules can be accepted up to 28 days after the end of the month you have turned 75 years of age.

^ The Mercer Super Trust may not be able to accept transfers from all overseas funds

The Trustee may also accept contributions if it is reasonably satisfied that the contribution would have been permitted if made during that particular time frame.

"Customer" in this Fact Sheet means member of Virgin Money Super.

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