

Super contribution caps

Understanding your contribution limits (also referred to as contribution caps) can help you make the most of your super.

How can you contribute to super?

There are a few things to consider when putting money into your super. They include the type of contribution, any limits that apply, who makes the contribution and how they are made. To enjoy the tax advantages of super, it's important you understand and stay within the limits.

<p>1. Type</p>	 <p>Before-tax*</p> <p>Make contributions before you pay income tax (salary sacrifice).</p> <p>Includes employer contributions and any after-tax contributions you claim a tax deduction for, such as personal contributions.</p> <p>Also known as concessional contributions.</p>	 <p>After-tax#</p> <p>Make contributions after you pay income tax.</p> <p>Also known as non-concessional contributions.</p>	
<p>2. Limits</p>	 <p>\$27,500 p.a. Taxed at 15%.</p> <p>OR</p>  <p>Carry forward up to 5 years of unused concessional contribution cap amounts</p> <p><i>If you have less than \$500,000 in all your super at the end of the previous financial year.^</i></p>	 <p>\$110,000 p.a.#</p> <p>OR</p>  <p>\$330,000 over 3 years# <i>If you're under age 67 and contributing more than \$110,000 in one year</i></p>	
<p>3. Who and how</p>	 <p>Your employer</p> <p>Contributes to your super before tax</p> <ul style="list-style-type: none"> • Minimum of Superannuation Guarantee amounts 	 <p>You</p> <ul style="list-style-type: none"> • Salary sacrifice • Personal contributions (after-tax) • Spouse contributions 	 <p>Australian Government</p> <p>Contributes to super for eligible low - medium income earners.</p> <ul style="list-style-type: none"> • Super co-contribution • Low Income Super Contribution Scheme

*Before-tax contributions have tax benefits for many members, as the contributions tax you pay will generally be less than your marginal tax rate. If your taxable income is less than \$250,000 per year, your super contributions are taxed at 15%. If you're a high income earner (adjustable taxable income including salary sacrifice superannuation contributions more than \$250,000 per year), you'll pay 30% tax on super contributions.

If your total super balance (all your accounts) is \$1.7 million or more, you cannot make after-tax contributions.

^The first year you will be able to use any carried forward contribution cap amounts is 2019/20 (taking into account your unused portion for 2018/19).

What happens if you exceed the before-tax contribution limit?

If you exceed your before-tax (concessional) contributions cap (\$27,500 per year), you will incur additional tax at your top marginal tax rate and it will count towards your after-tax (non-concessional) cap. For excess contributions made in prior financial years, you will be liable to pay a charge in the form of a personal tax liability. For excess concessional contributions made in the 2021/22 financial year onwards, there is no charge payable. Conditions apply.



TIP: You can check your contribution limit any time by logging into your Member Online account at mercysuper.com.au



Did you know?

From 1 July 2018, you can start to accumulate unused before-tax contribution cap amounts if you have less than \$500,000 in super. For example, if you contribute \$20,000 in the 2021/22 year, you can add \$35,000 to super in the 2022-23 year, which is \$27,500 plus the unused amount of \$7,500 from the previous year.

What happens if you exceed the after-tax contribution limit?

If you make excess after-tax contributions, you will receive an Election form from the Australian Taxation Office (ATO), asking you how you wish to treat the excess amount.

You can:

1. get the excess amount released from your super account, together with associated earnings. The earnings will be included in your assessable income and taxed at your marginal tax rate.
2. pay excess non-concessional contribution tax on the excess amount.
3. advise the ATO if this amount is no longer in super.

If you don't make a choice within 60 days of being notified, you will pay tax on the excess amount at the highest tax rate.



Did you know?

If you have more than one super fund, all contributions combined will count towards your contributions cap. An easy way to keep track of your contributions is to consolidate all your super funds into your Mercy Super account. Combining your super is easy. See our *Consolidating your super* fact sheet.

Contact us

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