

This guide is the initiative of the **CPA Australia Retirement Savings Centre of Excellence**. Information is current – based on legislation as at 1 July 2013.

## Contributions

### Acceptance

Age of Member	Fund may accept contributions that are:
Under 65	Made by or on behalf of member at any time
65 to 69	Mandated contributions; or Made by or on behalf of the member provided member meets work test*
70 to 74	Mandated contributions; or Made by the member or voluntary employer contributions (including salary sacrifice) provided member meets the work test* and contributions are received within 28 days of the end of the month in which the member reaches age 75
75 & over	Mandated contributions

\*Work test - member has been gainfully employed for a minimum of 40 hours over 30 consecutive days during the financial year in which the contributions are made  
No SG payable where:

- Earnings < \$450 a month
- Part-time employees under 18 years (working less 30 hrs/week)

### Maximum Contribution Base

\$48,040 per quarter / \$183,000 per annum

### Self Employed

- Not required to make contributions
- Contributions which are made can be claimed as a tax deduction where less than 10 per cent of assessable income (which includes reportable fringe benefits + reportable super contributions and net investment losses) is received from employment as an employee.

### Super guarantee charge percentage (%)

Period	Super guarantee rate*
1 July 2002 – 30 June 2013	9%
1 July 2013 – 30 June 2014	9.25%
1 July 2014 – 30 June 2015	9.5%
1 July 2015 – 30 June 2016	10%
1 July 2016 – 30 June 2017	10.5%
1 July 2017 – 30 June 2018	11%
1 July 2018 – 30 June 2019 onwards	11.5%
1 July 2019 – 30 June 2020 and onwards	12%

\*Proposed to defer increases for next 2 years, meaning rate would remain at 9.25% until June 2016

### Super guarantee charge – quarterly due dates

Quarter ending	Employer contribution rates	SGC statement and payment due
30 September	28 October	28 November
31 December	28 January	28 February
31 March	28 April	28 May
30 June	28 July	28 August

Penalties apply to employers who fail to submit their SG contributions by the 28th of the month following the end of quarter. Required to complete an SG statement by the 28th of the second month after the end of quarter and pay the SG charge (SGC) liability.

This SGC consists of:

- the shortfall in the SG contributions for the quarter
- the interest at 10% p.a. on the shortfall up to the date the statement and payment is submitted; and
- \$20 admin. charge/employee where shortfall exists.

From 1 January 2006, contributions made after the due date maybe used to offset the SG shortfall.

### Contribution Caps

Contribution	Cap	Excess contributions tax <sup>4</sup>
Concessional contribution (CC) <sup>1</sup> General cap Aged 59 or over from 30/6/13	\$25,000 <sup>2</sup> \$35,000 <sup>6</sup>	30% <sup>5</sup>
Non-concessional contribution (NCC)	\$150,000 <sup>3</sup>	45%

1. Excess concessional contributions will be included in an individual's assessable income and taxed at marginal tax rate. Individual entitled to non-refundable offset equal to 15% of concessional contributions

2. Indexed to AWOTE, increase in \$5,000 increments. Frozen for 2013-2014.

3. Per year, cap equal to six times the CC cap, NCC can only be accepted by the super fund if the member's TFN has been quoted to the fund.

4. Plus Medicare Levy (1.5%)  
Note: Contributions made by employers or the self-employed are fully tax deductible up to age 75.

5. Temporarily increased for 2013-14. From 2014-15 applies if 49 or over on the last day of the previous financial year. Temporary cap not indexed and ceases when CC cap is indexed to \$35,000.

### Superannuation government co-contribution

Assessable income (AI)\$	Max. Government co-contribution
0-33,516	500
33,516 – 48,516	500 – ((AI – 33,516) x 0.03333)
48,516+	Nil

- Available for personal contributions made, matching rate 50%
- Must earn 10% or more of total income from carrying on a business, eligible employment or combination of both.
- Total income = Assessable income (including any reportable FBT + reportable super contributions + net investment losses) – deductions entitled for carrying on a business (excluding work related employee deductions or deductions for personal contributions).
- Tax return must be lodged. Payment will then be calculated by ATO and paid directly to individual's fund.

### Low income superannuation contribution

- Contribution equal to 15% of CC up to maximum of \$500 (min. payable \$20)
- Paid to superannuation fund or RSA
- Adjusted taxable income must be less than \$37,000
- Must earn 10% or more of total income from carrying on a business, employment or combination of both
- From 1/7/2012 to 30/6/13 only.

### Capital Gains Tax Cap

Lifetime CGT cap - \$1,315,000 (indexed to AWOTE in \$5,000 increments)

The follow contributions count towards the lifetime CGT cap to be eligible to be exempt from the NCC cap:

- Small business CGT retirement exemption
- Small business 15 year CGT exemption

### Small business CGT retirement exemption

Lifetime CGT retirement exemption limit - \$500,000  
Must satisfy basic conditions applying to all CGT small business concessions, amount chosen to be exempt must not exceed remaining CGT retirement exemption limit and:

- If **under 55** exempt amount must be contributed into a complying superannuation fund or retirement savings account (RSA); or
- If **55 or over** don't have to pay any amount into a complying superannuation fund or RSA, even though may have been under 55 years when received the capital proceeds.

### Small business 15 year CGT exemption

Must satisfy basic conditions applying to all CGT small business concessions and:

- a CGT event happened to an asset of yours
- you continuously owned the asset for the 15-year period ending just before the CGT event
- the asset was an active asset for at least 7½ years during the period you owned it, and
- at the time the CGT event happened you were either
  - aged 55 years or more and the event happened in connection with your retirement, or
  - permanently incapacitated.

### Accessing Super

#### Preservation age\*

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

\* All superannuation contributions and earnings from 1 July 1999 are preserved.

#### Conditions of release

Condition	Requirement	Amount & how paid
Preservation age or over and working	No work test	Transition to retirement income stream
Permanent retirement after preservation age	Must declare retiring – no intention of working again for more than 10 hours a week	Lump sum and/or income stream
Ceasing employment after age 60	Required to have left work	Lump sum and/or income stream
Reaching age 65		Lump sum and/or income Stream
Death		Lump sum/ Pension
Invalidity/ permanently incapacitated	Two medical practitioners must certify member unlikely to ever work again in any occupation for which they are reasonably suited by education, training or experience	Lump sum
Terminal illness	Two medical practitioners must certify that the member has a terminal illness and cannot expect to live for more than 12 months	Lump sum
Temporary disablement	Must be unable to perform the duties of their own job	Non-commutable income stream
Severe financial hardship	Under preservation age – must be on Commonwealth income support payments for at least 26 weeks and show cannot meet immediate family living expenses  Over preservation age – must be on Commonwealth income support payments for 39 weeks and not employed more than 10 hours a week	Up to \$10,000 in a 12 month period  No limit on what can be released
Compassionate grounds	Must have pressing family medical expenses, need to support disabled family member or facing foreclosure on home mortgage	Lump sum
Small accounts	Balance under \$200 and ended employment relationship	Lump sum
Permanent overseas departure	When permanently depart Australia may be able access if worked on certain classes of temporary visa	Lump sum

## Superannuation income streams

### Minimum income stream percentage factors

Age at start of pension & each 1 July	Factor
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 + over	14%

### Minimum income stream standards

Account based income stream payments	
Minimum payments	Account Balance X Percentage Factor
Maximum payment	No limit*
Must make minimum payment at least annually. No payment required in first year if person commenced between 1 June and 30 June. * Maximum 10% p.a. for 'transition to retirement' pensions.	
Non-account based income streams (from 20/9/07)	
Minimum payment <sup>^</sup>	Purchase Price X Percentage Income Stream Factor
Must be paid annually <sup>^</sup> Minimum payment must ensure withdrawal value is equal to no more than 100% of the purchase price of the pension OR be a lifetime pension and have no residual capital and the first year pension equal to or more than the purchase price of the pension multiplied by respective percentage factor. Existing income streams are deemed to satisfy the minimum income stream requirements.	

## Taxation of Superannuation

### Division 293 Tax threshold (from 1 July 2012)

High Income Threshold*	Tax rate <sup>^</sup>
\$300,000	15% tax payable on the lesser of: excess over threshold OR super contributions
* Equals income for surcharge purposes plus low-tax super contributions. <sup>^</sup> Not payable on excess concessional contributions already taxed under Division 292 (or refunded under section 292-467).	

### Spouse contribution tax offset

Spouse Assessable Income (SAI)	Max. Rebatable Contribution (MRC)\$	Max. Rebate \$ (18% of the lesser of)
0 - 10,800	3,000	MRC or actual contribution
10,801 – 13,799	3,000 – (SAI-10,800)	MRC or actual contribution
13,800+	Nil	Nil
*Includes reportable fringe benefits + reportable employer super contributions		

## No Tax File Number (TFN) Tax

If TFN not provided:

- CC's may be taxed at highest marginal tax rate
  - NCC cannot be accepted by superannuation fund
  - Taxable component of superannuation benefit is taxed at top marginal rate
- + Medicare Levy at the time the benefit is paid.

	Maximum tax rate*
<b>Amounts established before 1/7/2007</b>	
Assessable contributions <\$1,000	Nil
Assessable contributions >\$1,000	30%**
<b>Accounts established after 1/7/2007</b>	
Assessable contributions	30%**
If TFN subsequently provided within four years, the super fund or RSA is entitled to claim a tax offset for the amount of tax paid on the no-TFN contributions income.	

## Superannuation benefits – Income streams

	Maximum tax rate*
<b>Tax free component</b>	0%**
<b>Taxable component – taxed element</b>	0%**
Age 60 & over	Marginal rate with 15% tax offset
Preservation age to 60	Marginal rate
Under preservation age	
<b>Taxable component – untaxed element</b>	Marginal rate with 10% tax offset
Age 60 & over	Marginal rate
Age 59 & under	
* Plus Medicare Levy (1.5%) ** Where benefits have been subject to tax in the fund, amounts are not assessable and are tax free.	

### Superannuation benefits – Lump sums

	Thresholds <sup>4</sup>	Tax Rate <sup>1</sup>
<b>Tax free component</b>		0% <sup>2</sup>
<b>Taxable component – taxed element<sup>3</sup></b>		
Age 60 & over		0%
Preservation age to 59	\$0-\$180,000	0%
	Over \$180,000	15%
Under preservation age		20%
Departing Australian Superannuation payment		35%
<b>Taxable component – untaxed element<sup>3</sup></b>		
Age 60 & over		
Preservation age to 59	\$0-\$1,315,000	15%
	Over \$1,315,000	45%
Under preservation age	\$0-\$180,00	15%
	\$180,000-\$1,315,000	30%
		45%
	Over \$1,315,000	45%
Departing Australian Superannuation payment		45%

1. Plus Medicare Levy (1.5)  
 2. Where benefits have been subject to tax in the fund, amounts are not assessable and are tax free.  
 3. If benefit paid has a taxable component with both a taxed and untaxed element, the low rate cap applies to the taxed element first.  
 4. Indexed to AWOTE, will only increase in \$5,000 increments.

### Death benefit superannuation

	Maximum tax rate*
<b>Lump sum – paid to dependent</b>	0%*
<b>Lump sum – paid to non-dependent</b>	
Tax free component	0%**
Taxable component	
- Taxed element	15%
- Untaxed element	30%
<b>Pension – deceased/primary beneficiary over 60</b>	0%**
<b>Pension – Primary beneficiary under 60</b>	
Tax free component	0%**
Taxable component	
- Included in assessable income	Marginal tax rate Pension rebate of 15% for individuals between preservation age & 60

\* Plus Medicare Levy (1.5%)  
 \*\* Not assessable

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