

This guide is the initiative of the **CPA Australia Retirement Savings Centre of Excellence**. Information is current – based on legislation as at 1 July 2017.

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 and 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 SUPERANNUATION GUARANTEE (SG) CONTRIBUTION BASE

\$52,760 per quarter / \$210,040 per annum

SELF EMPLOYED

- Not required to make contributions.
- Contributions can be made after tax (non-concessional contributions) or a tax deduction can be claimed, in which case contributions will be treated as concessional contributions.

Super guarantee charge percentage (%)

PERIOD	SUPER GUARANTEE RATE
1 July 2012–30 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	9.5%
1 July 2016–30 June 2017	9.5%
1 July 2017–30 June 2018	9.5%
1 July 2018–30 June 2019	9.5%
1 July 2019–30 June 2020	9.5%
1 July 2020–30 June 2021	9.5%
1 July 2021–30 June 2022	10%
1 July 2022–30 June 2023	10.5%
1 July 2023–30 June 2024	11%
1 July 2024–30 June 2025	11.5%
From July 2025	12%

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 per employee where shortfall exists.

Contributions made after the due date maybe used to offset the SG shortfall.

Contribution caps

CONTRIBUTION	CAP	EXCESS CONTRIBUTIONS TAX ⁴
Concessional contribution (CC)	\$25,000	n/a ¹
Non-concessional contribution (NCC)	\$100,000 ²	47.5%

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. An excess concessional contributions (ECC) charge will also apply.

2. Annual cap equal to four times the CC cap, NCC can only be accepted by the super fund if the member's TFN has been quoted to the fund. NCC can only be made if total super balance is less than \$1,600,000. Plus Medicare Levy (2%).

Note: Contributions made by employers or the self-employed are fully tax deductible up to age 75. There is no age limit for SG contributions.

Superannuation government co-contribution

ASSESSABLE INCOME (AI)\$	MAX. GOVERNMENT CO-CONTRIBUTION
0-36,813	500
36,021–51,813	500 – ((AI – 36,813) × 0.03333)
51,813+	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 or 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

- Tax offset 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.
- Total super balance must be less than \$1,600,000.
- Must earn 10% or more of total income from carrying on a business, employment or combination of both
- From 1 July 2012 to 30 June 2017, the equivalent low income superannuation contribution was paid.

Capital Gains Tax Cap

Lifetime CGT cap: \$1,445,000 (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 7.5 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 AND 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 24 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 AND 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 SEPT 2007)	
Minimum payment [^]	Purchase price x Percentage income stream factor
Must be paid annually.	
[^] 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 ¹	TAX RATE ²
\$250,000	15% tax payable on the lesser of: excess over threshold OR super contributions
1. Equals income for surcharge purposes plus low-tax super contributions.	
2. 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)
0–37,000	3,000	MRC or actual contribution
37,001–39,999	3,000– SAI – 37,000)	MRC or actual contribution
40,000 +	Nil	Nil
* Includes reportable fringe benefits + reportable employer super contributions.		

No Tax File Number (TFN) Tax

If TFN not provided:

- CCs 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*	
Accounts established before 1/7/2007	
Assessable contributions <\$1,000	Nil
Assessable contributions >\$1,000	30%**
Accounts established after 1/7/2007	
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.	

Transfer Balance Cap

	CAP	EXCESS TRANSFER BALANCE TAX
Transfer balance cap	\$1,600,000	15% - first assessment 30% - subsequent assessments
Transfer balance cap applies from 1 July 2017. Indexed in \$100,000 increments.		
Amounts above cap cannot be transferred from accumulation to retirement phase. Excess amounts must be withdrawn or transferred to accumulation phase. Excess transfer balance tax calculated on excess until it is withdrawn from retirement phase.		

Defined Benefit Income Cap

CAP (P.A.)	
Defined benefit income cap	\$100,000
Defined benefit income cap applies from 1 July 2017. Equal to 1/16th of transfer balance cap.	

Superannuation benefits – Income streams

	MAXIMUM TAX RATE ¹
Tax free component	0% ^{2,3}
Taxable component – taxed element	
Age 60 and over	0% ^{2,3}
Preservation age to 60	Marginal rate with 15% tax offset
Under preservation age	Marginal rate
Taxable component – untaxed element	
Age 60 and over	Marginal rate with 10% tax offset ⁴
Age 59 and under	Marginal rate
1. Plus Medicare Levy (2%).	
2. Where benefits have been subject to tax in the fund, amounts are not assessable and are tax free.	
3. From 1 July 2017, if annual pension income from a defined benefit pension (tax free component and taxable component – taxed element combined) exceeds the defined benefit income cap, 50% of excess will be included in assessable income.	
4. From 1 July 2017, if annual pension income from a defined benefit pension from an untaxed source exceeds the defined benefit income cap, the 10% tax offset will not apply to the excess.	
5. Where a defined benefit pension includes taxed and untaxed elements, the tax free component and taxable component – taxed element will be assessed against the defined benefit income cap first.	

Superannuation benefits – Lump sums

	THRESHOLDS ⁴	TAX RATE ¹
Tax free component		0% ²
Taxable component – taxed element³		
Age 60 and over		0%
Preservation age to 59	\$0–\$200,000	0%
	Over \$200,000	15%
Under preservation age		20%
Departing Australian Superannuation payment		35%
Taxable component – untaxed element³		
Age 60 and over	\$0–\$1,445,000	15%
	Over \$1,445,000	45%
Preservation age to 59	\$0–\$200,000	15%
	\$200,000–\$1,445,000	30%
	Over \$1,445,000	45%
Under preservation age	\$0–\$1,445,000	30%
	Over \$1,445,000	45%
Departing Australian Superannuation payment (DASP)	Tax-free component	Nil
	Taxable component – taxed element	35%
	Taxable component – untaxed element	45%
DASP – working holiday makers	Taxable component	65%
<p>1. Plus Medicare Levy (2%).</p> <p>2. Where benefits have been subject to tax in the fund, amounts are not assessable and are tax free.</p> <p>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.</p> <p>4. Indexed to AWOTE, will only increase in \$5,000 increments.</p>		

Death benefit superannuation

	MAXIMUM TAX RATE*
Lump sum – paid to dependent	0%*
Lump sum – paid to non-dependent	
Tax free component	0%**
Taxable component	
• Taxed element	15%
• Untaxed element	30%
Pension – deceased/primary beneficiary over 60	0%**
Pension – Primary beneficiary under 60	
Tax free component	0%**
Taxable component	
• Included in assessable income	Marginal tax rate Pension rebate of 15% for individuals between preservation age and 60
* Plus Medicare Levy (2%).	
** Not assessable.	

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