

BEFORE TAX CONTRIBUTIONS



Boost your super savings and potentially save on tax

Adding a little extra to your super can make a big difference to your retirement savings, when you can afford to retire and what you can afford to do in retirement.

Contribution types

There are two main types of super contributions:

Before tax contributions (also known as concessional contributions) and after tax contributions (also known as non-concessional contributions).

Deciding what types of contributions you want to make depends on why you're doing it and other things, like your age, if you're working and how much you earn each year.

For example, it may be better for you to make:

Before tax contributions: if you're wanting to save tax, are still working, or wanting to make regular contributions.

After tax contributions: if you have a large lump sum to contribute from an inheritance or sale of an investment, or you are a lower income earner.

There are other types of contributions, like the Downsizer contribution, and contributions made from a 'personal injury payment' or the disposal of active business assets (known as the 'Small Business Capital Gains Tax Exemptions').

In this factsheet, we'll give you information on before tax contributions. If you want to learn more about contributions and eligibility, see our *Super Handbook* at bussq.com.au or go to ato.gov.au

Before making contributions, always think about your situation and consider obtaining financial advice. BUSSQ offers personal advice to members at no charge.[#] Contact us to arrange an appointment.

Why do it

Before tax contributions are made from your pay before it's taxed. Because of this, when these contributions go into super, you only pay 15% tax, which is usually less than your tax rate outside super. If you earn more than \$250,000 a year, you may need to pay an additional 15% tax on your super contributions.



DID YOU KNOW?

Save on tax: Generally, if your salary is over \$45,000 a year, making extra before tax contributions may be tax effective for you. Making before-tax super contributions may reduce how much you pay in overall tax each year.

Claim a tax deduction: If you're under age 75 and meet the eligibility requirements, you could claim a tax deduction on after tax contributions, changing them into before tax contributions. This can reduce your taxable income.

How much can you put into super

The Government decides how much you can put into super each year. From 1 July 2024, the 'cap' for before tax contributions is \$30,000 per year.

You may be able to put more than \$30,000 into super each year if you haven't contributed the full amount in previous years. This is called the 'carry-forward rule'. For more information on the 'carry-forward rule' and contribution caps, go to ato.gov.au or call us on **1800 692 877**.



Types of before tax contributions

Employer contributions (Super Guarantee – SG)

Your employer must pay you at least 11.5% of your base pay[^] into your super account.

This amount will increase to 12% on 1 July 2025.

Employers only have to transfer super into your super account once every three months but some pay more often.

To see how much super your employer is paying you, check your payslip or your super account. You can check your BUSSQ account by calling us or in your **online account**.

HANDY TOOLS & TIPS

- To check how much you should be getting in super, use the 'Employer contributions calculator' at moneysmart.gov.au
- If your employer isn't paying your super or you're not getting the right amount, talk to them or you can report them to the ATO. For more information, see 'Unpaid super from your employer' at ato.gov.au

Salary sacrifice

You can ask your employer to 'salary sacrifice' part of your before tax pay into your super.

These contributions are usually only taxed at 15% (unless you earn more than \$250,000 a year) which is a lower rate than regular income for most people. This means, you can benefit from paying less tax, while boosting your super retirement savings.

You could start to see a benefit straight away. For example, if your salary is \$75,000 per year and you salary sacrifice \$50 extra to super each fortnight (\$1,300 per year), your taxable income is reduced to \$73,700.*

EXAMPLE: THE POWER OF SALARY SACRIFICE *

Damo and Pete work together, earn the same pay and get the standard SG amount. They are the same age and have the same insurance in super.

From age 25, Damo makes a salary sacrifice contribution of \$50 a fortnight and Pete doesn't. Both are invested in the Balanced Growth investment option.

For the cost of a takeaway meal for two each fortnight, at retirement (age 60), **Damo will end up with \$52,631 more than Pete** [^].

This could cover the cost of a new car, an overseas trip or necessary home maintenance at retirement.

Low income super tax offset (LISTO)

If your yearly pay is \$37,000 or less, you could be eligible for a LISTO payment.

How it works: Before tax payments made to your super, are taxed at 15%. The LISTO refunds up to \$500 of that tax back to your super, if you're eligible. The payment is automatic based on your tax return. All you need to do is make sure your super fund/s have your tax file number (TFN). Without it, we can't accept a LISTO payment.

HANDY TOOL

To work out how much you might get back, use the 'ATO LISTO calculator' at ato.gov.au

[^] For more information on base pay, see 'ordinary time earnings' in our Super Handbook at bussq.com.au or go to ato.gov.au

* Examples are illustrative only and assume all terms and conditions have been met.

[>] Estimates assume an income of \$75,000 p.a. increasing with CPI of 2.5% p.a.; a starting balance of \$50,000; net investment returns of 6% before fees and taxes; fees of \$1.75 per week plus 0.74% p.a. Projections performed on 8 May 2024 and are converted into today's dollars.

How to make contributions and claim a tax deduction

Make a contribution in the way that works best for you. To find a form, go to bussq.com.au/forms-and-factsheets

Direct debit



To set up a direct debit, call us on 1800 692 877 or complete a *Direct Debit Request* form.

Salary sacrifice contributions



Speak with your employer to see if they can do salary sacrifice. They may ask you to complete an *Additional contributions to BUSSQ Super* form.

Help is available for you at BUSSQ



Talk to us

Call **1800 692 877**

Visit us at 299 Coronation Dr,
Milton QLD 4064

Email super@bussq.com.au



Learn more

Go to: bussq.com.au

- Try our online calculators
- Register for a seminar
- Check out our other resources



Get advice

You can also get personal financial advice on contributions at no extra cost.* Call us to book an appointment or discuss your options.

* Personal advice is limited to BUSSQ products and is advice on insurance, investment choice, contributions and retirement. The cost of this advice is included in the administration fees and costs. Personal advice is provided by one of our financial planners who are Authorised Representatives of Industry Fund Services Limited (IFS) (ABN 54 007 016 195 AFSL 232514). IFS is responsible for any advice given to you by its representatives.

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