

This guide is an initiative of the **CPA Australia Retirement Savings Centre of Excellence**. Information is current – based on legislation as at 1 July 2011.

## 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 under award

\*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 (that is, working under 30 hours per week)
- employees who are aged 70 or more.

### 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.

### Superannuation guarantee charge – quarterly due dates

Quarter ending	Employer contribution rules	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 administration charge/employee where a shortfall exists.

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

### Maximum Contribution Base

\$43,820 per quarter / \$175,280 per annum

### Contribution Caps

Contribution	Cap	Excess contributions tax*
Concessional contribution (CC) <sup>†</sup> (age 50 and over)	\$25,000 <sup>^</sup> p.a. \$50,000 <sup>^^</sup> p.a.	30%**
Non-concessional contribution (NCC)	\$150,000 <sup>^^^</sup> p.a. or 3 year limit of \$450,000	45%

<sup>†</sup> Proposed that from 1 July 2011 concessional contributions in excess of the cap can be refunded for a first time breach only, up to a maximum of \$10,000.  
<sup>^</sup> indexed to AWOTE will only increase in \$5,000 increments.  
<sup>^^</sup> Transitional cap until financial year 2011/12. Proposed that from 1 July 2012 the \$50,000 cap will continue to be available to individuals over 50 whose superannuation balance is under \$500,000.  
<sup>^^^</sup> Cap equal to six times the concessional contributions cap, NCC can only be accepted by the super fund if the member's TFN has been quoted to the fund.  
\* Plus Medicare Levy (1.5%)  
\*\* In addition to 15% tax on contributions. Excess concessional contributions also count towards the NCC cap.  
Note: Contributions made by employers or the self-employed are fully tax deductible up to age 75.

### 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.

### Superannuation government co-contribution

Assessable income (AI)\$	Max. Government co-contribution
0 – 31,920	1000
31,921 – 61,920	1000 – ((AI-31,920) x 0.03333)
61,921+	Nil

- Available for personal contributions made
- 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

### Spouse contribution tax offset

Spouse Assessable Income (SAI)\$*	Max. Rebatable Contribution (MRC)\$	Max. Rebate \$ (18% of the lesser of)
0 – 1000	3,000	MRC or actual contribution
10,801 – 13,799	3000 – (SAI-10,800)	MRC or actual contribution
13,800 +	Nil	Nil

\* Includes reportable fringe benefits + reportable employer super contributions

## Accessing Super

### 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 departure overseas	When permanently depart Australia may be able access if worked on certain classes of temporary visa	Lump sum

### 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 – 1 July 1963	58
1 July 1963 – 1 July 1964	59
After 30 June 1964	60

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

## 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 payment amount for account-based pensions reduced by 25% for 2011/2012

### Minimum income stream standards

Account based income stream payments		
<b>Minimum payment</b>	Account Balance	X Percentage Factor
<b>Maximum payment</b>	No limit*	
Must make minimum payment at least annually. No payment required in first year if person commenced between 1 June and 30 June.		
* Minimum 10% p.a. for 'transition to retirement' pensions		

### Non-account based income streams (from 20/9/07)

Minimum payment <sup>^</sup>	Purchase Price Income Stream	X Percentage 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

### Superannuation benefits – Lump sums

	Thresholds^^	Tax Rate*
<b>Tax free component</b>		0%**
<b>Taxable component – taxed element^</b> Age 60 & over		0%
Preservation age to 59	\$0 - \$165,000^ Over \$165,000	0% 15%
Under preservation age		20%
<b>Taxable component – untaxed element^</b> Age 60 & over	\$0 - \$1,205,000 Over \$1,205,000	15%** 45%
Preservation age	\$0 - \$165,000 \$165,000 - \$1,205,000 Over \$1,205,000	15% 30% 45%
Under preservation age	\$0 - \$1,205,000 Over \$1,205,000	30% 45%

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

### Superannuation benefits – Income streams

	Maximum tax rate*
<b>Tax free component</b>	0%**
<b>Taxable component – taxed element^</b> Age 60 & over Preservation age to 60 Under preservation age	0%** Marginal rate with 15% tax offset Marginal rate
<b>Taxable component – untaxed element^</b> Age 60 & over Age 59 & under	Marginal rate with 10% tax offset Marginal rate

\* Plus Medicare Levy (1.5%)  
 \*\* Where benefits have been subject to tax in the fund, amounts are not assessable and are tax free.

### No Tax File Number (TFN) Tax

If TFN not provided:

- CC's may be taxed at the highest marginal tax rate
- NCC cannot be accepted by a 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>Accounts established before 1/7/2007</b> Assessable contributions < \$1000 Assessable contributions > \$1000	Nil 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.

### Death benefit superannuation payments

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

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

### Life Benefit Employment Termination Payments – Transitional period 1 July 2007 – 30 June 2012

Payment can be rolled over to a super fund (or received as cash lump sum) provided the amount of payment has been specified in the employment contract at 9 May 2006 and paid before 1 July 2012.

Directed termination payment (Rollovers)	Maximum tax rate*
<b>Taxable component</b> Taxable amount above \$1,000,000 counts towards the CC cap	15%

Age is determined at the end of the financial year in which the termination payment is received.  
 \* Plus Medicare Levy (1.5%)

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