

## Concessional contributions

On paper, the Federal Government's change to concessional contributions caps is simple and straight forward – but what does it mean for your retirement savings?

Concessional contributions include all employer contributions (i.e. your 9% superannuation guarantee (SG) payments and any extra your employer may provide), any salary sacrifice contributions you make and any contributions you claim a self-employed tax deduction for.

The rule now is that you can contribute up to \$25,000 (or \$50,000 if you are over 50) at the usual super tax rates (15%) for concessional contributions. Contributions above these limits will attract an additional tax of 31.5% plus Medicare levy and count as non-concessional contributions.

Defined Benefit members have some provisions to protect them from the excess tax unless they receive large pay increases. Please refer to our [contributions limits fact sheet](#) for full details if you have a defined benefit account.

If you earn \$277,778 or more per year, your employer contributions may exceed the concessional contributions cap and you will pay higher tax on those contributions.

Salary sacrifice and tax deductible contributions are obviously easier to adjust than your salary if you want to stay below the concessional contribution limits.

If you do make adjustments to stay under the contributions cap, what will you do with the money you are no longer contributing to super? That money will be taxed at your marginal rate, as will any earnings you get by investing that money. Remember that super earnings are taxed at 15%, regardless of how much you earn, and you can withdraw your super tax free after turning 60.

Before adjusting your contribution rates, you may want to consider the following:

- Contribution limits apply to an entire financial year so if you change rates during the year it is the total that is measured rather than individual contribution amounts
- The transitional limit for people over 50 applies only until 30 June 2012; after that, the higher limit may apply for low balance members if Government proposals are accepted
- Does your employer pay the 9% SG, or do you get a higher rate and/or contributions to cover insurance premiums? All of these amounts can count towards your limits
- Contributions count towards your limits in the financial year your fund receives the money, regardless of when the contribution was deducted from your pay
- There are no AvSuper fees to make contributions or adjust your contribution rates
- [AvSuper's Member Advice Solution](#) is free if you want some professional assistance in deciding how much to contribute to your super

## Making contributions to AvSuper

Simply make personal contributions to AvSuper during the year by completing an AvSuper [Personal Contributions](#) form. Details of the methods of contributing are included on the form.

Note that we can only accept personal contributions if we have your tax file number (TFN) – you can log into Member Online or call us to check we have your TFN if you aren't sure.

FS0103.2 06.2011