

Salary sacrifice

If your employer agrees, you may be able to make pre-tax contributions from your salary into your AvSuper account. This is called salary sacrifice and it may provide tax advantages in some circumstances.

How does salary sacrifice work?

Each pay, your employer deducts a certain amount of money from your gross salary or wage and sends it to your super fund for you as a salary sacrifice contribution.

Salary sacrifice contributions are subject to a 15% contribution tax, which may be much lower than the marginal income tax rate you would have paid on that money if your employer paid it to you in cash. Further, as tax is calculated after the contribution is deducted, you may pay tax on your remaining wage/salary at a lower marginal rate which means less income tax.

Depending on what your employer allows, you may be able to nominate a specific amount or a percentage of your earnings.

Salary sacrifice contributions are counted as concessional contributions for [contribution limit](#) calculations.

How do I arrange to salary sacrifice?

Employers do not have to offer salary sacrifice facilities to you, but many do. It is best to ask your employer if you can salary sacrifice and what their process is, and if it has any impact on your SG contributions.

Airservices Australia and CASA employees can salary sacrifice, making changes no more than once every two months. Other employers may accept changes more or less often.

The AvSuper [change of contributions form](#) is an easy way to request changes to how much you salary sacrifice, or even tell your employer how much to start sacrificing.

What about the co-contribution?

If you also make personal contributions to your super from your after-tax wages, you may be eligible for a [Government co-contribution](#). If you meet the eligibility rules for a co-contribution, the following points are important when considering salary sacrifice:

1. Only personal contributions (made from your after tax money) count towards a co-contribution. Salary sacrifice contributions are made before-tax and therefore do not count for the co-contribution
2. Since 1 July 2009, salary sacrifice contributions may be counted as part of your income when the Government tests your eligibility for some Government payments and benefits, including the super co-contribution, family tax benefit and child support payments.

How much can I salary sacrifice?

If your employer allows it, you may be able to salary sacrifice your entire income – although this may put your total super contributions for the year over tax-related limits (refer to our [contributions limits fact sheet](#) for further details.) Employers may place further restrictions on maximum salary sacrifice amounts.

How much you should salary sacrifice is dependant on your personal circumstances. Contact AvSuper for [a free appointment with our Member Advice Manager](#) who can help you assess if salary sacrifice will be beneficial for you.

