



HOODSWEENEY
join the journey

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The information in this document is factual information, and is not financial advice. The information is objectively ascertainable information and is not tailored to your personal circumstances. You should obtain financial advice before making a decision in relation to this information. All examples are provided for illustrative purposes only.

Non-concessional contributions

Non-concessional contributions are contributions made by an individual to a superannuation fund where a tax deduction is not claimed. Non-concessional contributions enable individuals to invest their after-tax savings in the concessional tax superannuation environment.

How non-concessional contributions work

Non-concessional contributions can be made by any individual under age 75. From age 75, an individual may not make non-concessional contributions.

Non-concessional contributions can be accepted by a superannuation fund on behalf of an individual up to 28 days after the end of the month in which the individual turns age 75.

Non-concessional contributions form part of the tax-free component within superannuation. Any tax-free component of superannuation benefits are received tax-free on withdrawal. They will also be received tax-free by non-dependent beneficiaries upon death.

All contributions into a superannuation fund will be locked away, or preserved, until an individual is at least age 60 and retired.

Non-concessional contribution cap

The non-concessional contribution cap is set at four times the concessional contribution cap and will increase in line with the indexation of the concessional contribution cap. The general annual non-concessional contribution cap is currently \$120,000.

Individuals may be able to contribute up to three times the annual non-concessional contribution cap under the three year bring forward rule.

Once this rule is activated the level of further non-concessional contributions that can be made during the following two financial years is reduced as follows:

Non-concessional contribution bring forward cap	\$360,000
Less: Non-concessional contributions made 2024-2025 Financial Year	(\$200,000)
Additional non-concessional contributions available Prior to 30 June 2027	\$160,000

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Total superannuation balance

An individual's total superannuation balance may reduce the level of non-concessional contributions that can be made.

All Australian superannuation benefits count towards an individual's total superannuation balance. For accumulation and Account-based pension accounts the individual's member balance is the amount applied.

Special rules apply when calculating the amount applied to an individual's total superannuation balance for other superannuation benefits, including defined benefits and lifetime pensions. An Actuary will calculate the amount applied towards the total superannuation balance for defined benefit superannuation accounts that have not yet been accessed.

The maximum non-concessional contributions that can be made and the 'bring forward' period available is based on an individual's total superannuation balance at 30 June of the financial year prior to making the contribution as follows:

30 June total superannuation balance	Bring forward period	Maximum non-concessional contribution
Less than \$1,660,000	3 years	\$360,000
\$1,660,000 to \$1,779,999	2 years	\$240,000
\$1,780,000 to \$1,899,999	No bring forward	\$120,000
\$1,900,000 and above	Not applicable	Nil

If more than \$1,900,000 is held in superannuation at 30 June no further non-concessional contributions can be made. This amount applies to total superannuation benefits held and not each superannuation fund.

What happens if the concessional contribution cap is exceeded?

An individual that exceeds the non-concessional contribution cap has the opportunity to withdraw the excess contributions and 85% of the associated earnings.

The associated earnings are calculated by the Australian Taxation Office, using the average of the general interest charge rates for the period the excess non-concessional contributions relate to. The excess non-concessional contribution period is calculated from the start of the income year in which the excess non-concessional contributions were made and ends on the day the Australian Taxation Office issues the excess non-concessional contribution determination.

Any excess non-concessional contributions retained within the superannuation environment will be subject to penalty tax of 47%.

100% of the calculated associated earnings will be taxed at the individual's marginal tax rate (plus Medicare levy) and a 15% tax offset will apply, reflecting the tax already paid by the superannuation fund on the earnings. The excess non-concessional contributions can be released tax-free.

An example of the implications of exceeding the non-concessional contribution cap is provided below:

	18%* Tax Rate	32%* Tax Rate	39%* Tax Rate	47%* Tax Rate
Excess contributions	\$20,000	\$20,000	\$20,000	\$20,000
Associated earnings (11%) ¹	(\$2,200)	(\$2,200)	(\$2,200)	(\$2,200)
Tax levied on associated earnings	\$396	\$704	\$858	\$1,034
Less: 15% offset	(\$330)	(\$330)	(\$330)	(\$330)
Amount payable	\$66	\$374	\$528	\$704

* Including Medicare Levy.

¹ Estimated associated earnings rate applied. This is calculated by the ATO based on the average general interest charge rates during the excess non-concessional contribution period.

Spouse contribution

A spouse contribution is a contribution made on behalf of a spouse, into a complying superannuation fund, held in the spouse's name. A tax deduction cannot be claimed for a spouse contribution. A spouse contribution counts towards the receiving spouse's non-concessional contribution cap.

Individuals can claim a tax offset up to a maximum of \$540 when making contributions on behalf of a spouse, with total assessable income, reportable fringe benefits and reportable employer super contributions of \$37,000 or less. The tax offset amount will gradually reduce for income above this amount and completely phases out when the spouse's income reaches \$40,000.

To be eligible for a spouse contribution tax offset:

- The contribution must be made for an individual's spouse, either legally married or a de facto spouse.
- Both the individual and the spouse must be living together on a permanent, bona fide domestic basis (including same sex couples).
- Both the individual and the spouse must be Australian residents at the time the contributions are made.
- The spouse must not have exceeded their non-concessional contribution cap for the financial year.
- The spouses' total superannuation balance must be below \$1,9,00,000 as at 30 June of the previous financial year.
- The spouse must be under age 75.

An individual's spouse contribution tax offset is calculated as follows:

Spouse's income*	Tax offset for contributing spouse
Under \$37,000	Lesser of: <ul style="list-style-type: none"> • Spouse contribution x 18%; or • \$540
Between \$37,000 and \$39,999	18% of the lesser of: <ul style="list-style-type: none"> • Total spouse contributions • \$3,000 – Spouses' income above \$37,000
\$40,000 and above	Nil

* total assessable income, reportable fringe benefits and reportable employer super contributions.

Government co-contribution

Individuals under 71 years of age with total assessable income, reportable fringe benefits and reportable superannuation contributions below \$60,400 may be entitled to a government co-contribution where a non-concessional contribution has been made.

To be eligible for a Government co-contribution the following conditions must be met:

- A non-concessional contribution has been made into a complying superannuation fund.
- The individual's non-concessional contribution cap has not been exceeded.
- At least 10% of the individual's total assessable income must come from employment-related activities, carrying on a business, or a combination of both.
- The individual's income tax return for the financial year in which the non-concessional contribution is made has been lodged.

If an individual's total assessable income, reportable fringe benefits and reportable superannuation contributions is between \$45,400 and \$60,400 the government co-contribution will be the lesser of:

- 50% of the non-concessional contributions made and,
- \$500 reduced by \$0.03333 per \$1.00 of income above \$45,400.

The table below indicates the government co-contribution amount available by making non-concessional contributions of \$1,000 at different levels of annual income.

Annual income	Government co-contribution
Less than \$45,400	\$500
\$46,000	\$480
\$50,000	\$347
\$55,000	\$180
\$60,000	\$20
\$60,400 or more	Nil

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