



## YOUR SUPERANNUATION SUPER CONTRIBUTIONS CAPS

### HOW MUCH CAN YOU CONTRIBUTE TO SUPER FUND BEFORE PENALTIES APPLY

Contribution caps limit how much you and your employer can contribute to your superannuation before excess contributions tax is charged. These limits (or caps) encourage you to save for your retirement throughout your working life, rather than catching up close to retirement. It's important to understand which payments are included in the contribution caps so that you don't unintentionally exceed the cap.

There are two types of contributions caps, for CONCESSIONAL CONTRIBUTIONS and NON-CONCESSIONAL CONTRIBUTIONS. Generally, concessional contributions are those made by you or your employer, which are taxed at concessional rates. Non-concessional contributions are generally contributions which are made by you or for you from any after-tax income.

#### CONCESSIONAL CAPS

The concessional contribution cap limits how much you and your employer can contribute to super at the concessional tax rate of 15% before additional tax is charged. Concessional contributions generally include:

- employer contributions, including the 9.50% Superannuation Guarantee and any employer paid fees or insurance premiums;
- salary sacrifice contributions;
- personal contributions for which a tax deduction has been allowed.

The annual concessional contributions cap for the current financial year is \$25,000 regardless of your age. This concessional contributions cap is indexed and will increase in increments of \$2,500 annually, in line with average weekly ordinary time earnings.

#### IF YOU MAKE EXCESS CONTRIBUTIONS

Amounts in excess of the concessional contributions cap in any year are automatically included in your assessable income and taxed at your current marginal rate (less a non-refundable 15% tax offset for the tax already paid by your super fund for the excess contributions). There is also an excess concessional contributions charge, calculated on your additional tax liability arising from the excess contributions (not the amount of the excess contributions themselves).

One of our financial advisers with The Peak Partnership Wealth Design Solutions can help ensure your superannuation strategy is tax-effective.

#### TAX RATES FOR SUPERANNUATION CONTRIBUTIONS

Effective from 1 July 2017, the concessional contributions tax rate for individuals with an assessable annual income of \$250,000 or more is 30%.

Individuals with an assessable annual income of less than \$250,000 pay 15% on concessional superannuation contributions.

2017/07

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**The Peak Partnership**  
CHARTERED ACCOUNTANTS

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### NON-CONCESSIONAL CAPS

The non-concessional contribution cap limits how much you and your spouse can contribute to super as non-concessional contributions before tax penalties apply. Non-concessional contributions include:

- after-tax personal contributions for which no tax deduction has been allowed, made from your net salary or savings;
- spouse contributions made by your spouse into your account.

Non-concessional contributions are not subject to tax in your super fund, but any excess over the cap is taxed at the highest marginal rate – currently 47% (including 2.00% Medicare Levy). There are exceptions to the non-concessional contributions caps which include:

- government co-contributions;
- eligible proceeds that relate to Capital Gains Tax (CGT) small business concessions, up to a lifetime limit of \$1.445 million;
- payments that relate to structured settlements or orders for personal injuries;
- rollover super benefits.

The annual non-concessional contributions caps for the current financial year are:

AGE AS AT 30/06/2017	NON-CONCESSIONAL CONTRIBUTIONS CAP FOR 2017/2018
Under 65*	up to \$300,000
65 and older	\$100,000

\*If you are under age 65 at any time during the financial year, you can bring forward two years of contributions without exceeding the non-concessional contributions cap. The ability to use the bring forward rule is also subject to your total superannuation balance.

### THE BRING FORWARD RULE

From 1 July 2017, use of the bring forward rule is impacted by your total superannuation balance (as well as the age threshold).

TOTAL SUPER BALANCE AT 30/06/2017	MAXIMUM NON-CONCESSIONAL CONTRIBUTIONS FOR THE FIRST YEAR	BRING FORWARD PERIOD
Less than \$1.4M	\$300,000	3 years
Less than \$1.5M	\$200,000	2 years
Less than \$1.6M	\$100,000	No bring forward
\$1.6M or more	NIL	N/A

### IF YOU EXCEED THE CONTRIBUTIONS CAPS

If you exceed the concessional contributions cap, you can:

- release up to 85% of the amount of your excess concessional contributions from your superannuation fund. This option is available regardless of the size of the excess or how often you have breached the cap. If you release the full 85% of your excess concessional contributions, the excess concessional contributions will have no impact on your non-concessional contributions.
- choose not to withdraw any of your excess concessional contributions. However, the impact of the excess concessional contributions on your non-concessional cap should also be considered.

It is important to check your prior year's non-concessional contributions and in most cases, you can refer to your Annual Statement or track your contributions online. Your financial advisor can also assist when planning your contributions.

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