fact SHEET

Maritime Super
OUR FUTURE

Contributing to super

Contributions to super come in many shapes and sizes, but whatever the contribution, one thing is for certain: the earlier you start, the better off you'll be in the long run.

Your contribution strategy will depend on how much you expect to save for retirement and the options available to you to boost your super

Contributions

If you're working, your employer already makes contributions to your super for you. Your contribution strategy will depend on how much you expect to save for retirement and the options available to you to boost your super.

Generally, super contributions can be made by:

Personal contributions

Personal super contributions help boost your super, and you can make these from either your before-tax income (via salary sacrifice) or after-tax income.

Employer contributions

By law, your employer is required to make contributions on your behalf that equate to at least 10% of Ordinary Time Earnings. Some employers may contribute above the minimum requirement as part of greater employment benefits or industrial awards.

Rollovers from other funds

You may have super with other funds that you can roll over to consolidate your super in one fund. There are benefits in doing so - for one thing, you'll likely save on fees and have greater control over your money and its investment.

Government co-contribution

If you are a low to middle income earner, the Government may contribute to your super to help you save for retirement. If you are eligible for the Government co-contribution, the Government will pay 50 cents for every dollar you make of after-tax super contributions, up to a maximum of $500, if your income falls below the threshold for that financial year.

Spouse contributions

Your spouse may make contributions to help your super grow.

Contribution types and tax

There are essentially two types of contributions, and the type and amount of these contributions will determine the tax rate that applies.

1. Concessional (before-tax) contributions

Concessional contributions are made from your before-tax income, and include your employer's contributions and any salary sacrifice contributions you may make.

They're generally taxed at 15% when going into your super account. If you exceed your cap, you will pay tax at your marginal tax rate.

2. Non-concessional (after-tax) contributions

Non-concessional contributions are made from your after-tax income, and include any one-off payments you make from your after-tax salary, as well as contributions made by your spouse, parents and children.

They're not taxed when directed into your super account because you've already paid income tax on them, unless you go over your contribution cap (see overleaf). If you exceed this amount, your contributions are subject to tax at an overall rate of at least 49%.

fact SHEET

Contribution caps

Concessional contributions

The concessional contributions cap is currently $27,500.

If you exceed your concessional contributions cap, the excess contributions will count towards your assessable income and taxed at your marginal tax rate, with a 15% contributions tax offset, plus an interest charge.

However, you can elect to withdraw the amount over the cap, and any excess contributions not withdrawn will count towards your non-concessional contribution cap.

Non-concessional contributions

The non-concessional contributions cap fis currently $110,000.

If you exceed your non-concessional contributions cap, the amount over the cap can be withdrawn without penalty although earnings will be taxed at the top marginal rate plus the Medicare levy.

The bring-forward rule

If you wanted to contribute more than $110,000 into your super, you can trigger the 'bring forward' rule.

The 'bring forward' rule allows you to bring forward two years' worth of contributions and contribute up to three times the current cap over a 3-year period if you are under 67 (some limitations may apply).

If your total super balance is close to the general super balance cap set annually by the government, you can only make non-concessional contributions to the extent that you do not exceed the general super balance cap. For 2021/22, the general super balance is $1.7 million.

If your total super balance equals or exceeds this cap, any non-concessional contributions will be treated as excess non-concessional contributions.

Setting your contribution strategy

When you have a better understanding of how super contributions work, you can determine the contribution strategy that will suit your personal circumstances and help support your retirement savings goals.

When setting your contribution strategy, you should ask yourself:

- is my current contribution strategy going to meet my retirement savings goals?
- should I make additional contributions before or after tax, or both, to boost my super savings?

You can explore how different levels of contributions impact your retirement savings over time by using our Retirement Calculator available on the website.

Get free financial advice about your contribution strategy

Members have access to 'limited advice', which is financial advice about a single issue – for example, how much extra salary to contribute to your super account – with a financial planner giving guidance on your specific area of interest.

You'll get limited personal advice over the phone that takes into account your relevant circumstances.

Limited advice is available only in relation to your investment strategy in the Fund and/or salary sacrifice contribution strategy. The financial planner will ask you a series of questions to assess your risk profile and financial goals, so allow around 20 minutes for your phone call.

Simply call 1800 757 607 to speak to a planner who can help you straight away.

Contact us

1800 757 607

info@maritimesuper.com.au

www.maritimesuper.com.au

Locked Bag 2001
QVB Post Office NSW 1230