



Contribution Limits

Overview

Limits exist on the amount of contributions you can make to your superannuation. The limits apply to both concessional and non-concessional contributions. Where the limits are exceeded tax penalties will be issued to members by the Australian Taxation Office.

Most members making regular fortnightly contributions will not have to worry about exceeding the limits.

It is important to remember that the limits apply to each individual and they are not fund specific. If you who contribute to more than one account or others contribute into your account, you will need to ensure the total contributions across all your super accounts, does not exceed the limit.

Members who invest a large sum of money into super by a one-off contribution or through regular payments will need to be aware of the limits. For example, Contributory Scheme members who are purchasing service or upgrading past rates of contribution should ensure they do not exceed the limits. Penalty tax will be payable on any contributions above the limits.

What are non-concessional contributions?

Contributions made from your after-tax income are called non-concessional contributions. These are sometimes also referred to as personal contributions.

Contributions counted towards your limit

- Personal (after-tax) contributions
- Contributions made by your partner or another individual
- Non-taxable amount of a payment from an overseas super fund
- Excess concessional contributions (above the concessional contributions limit)

Contributions not counted towards your limit

- Government Super Co-contribution payments
- Settlement proceeds from an injury resulting in permanent disability
- Contributions received as part of a Family Law settlement or contributions splitting
- Concessional contributions

What is the non-concessional contribution limit?

The non-concessional contribution limit is \$150,000 in any one year for each member.

From the age of 65 you will need to satisfy a work test to make non-concessional contributions to super. When you reach age 75, no further non-concessional contributions can be made.

The current work test as set out in the SIS Regulations will continue, i.e. gainfully employed for at least 40 hours over 30 consecutive days in the relevant year.

How does the *bring forward* option work?

If you are under age 65 you can 'bring forward' up to two years of non-concessional contributions and make a larger contribution, providing your non-concessional contributions do not exceed a three-year cap of \$450,000. If you contribute \$450,000 in one year, you cannot make any non-concessional contributions for the following two years. Alternatively, you can stagger the contributions over the three year period.

You will not need to contact RBF to activate the \$450,000 'bring forward' rule, simply making contributions in excess of the annual limit will trigger the 3 year limit rule.

Although limits will be indexed, where the \$450,000 'bring forward' has been activated, the 2 years future entitlements are not indexed.

People aged 63 or 64 using the 3 year limit will not be subject to work test in either of the following 2 years.

What are Concessional contributions?

Concessional contributions were previously referred to as employer contributions. They are untaxed contributions therefore contributions tax of 15% is payable on all concessional contributions. This is deducted by RBF when the payment is made.

Contributions included in the limit

- All employer support and Super Guarantee payments (including productivity payments provided to SFCSS members)
- For all defined benefit schemes, a notional amount will be calculated to determine concessional contributions using a formula yet to be determined. There's more information below on defined benefit schemes.
- All Salary Sacrifice contributions

What is the concessional contributions limit?

The Federal budget announced in May 2009 reduced the concessional contribution limit to \$25,000 in any one year for each member. Previously, the limit was \$50,000 per year.

Are there any transitional arrangements?

Special arrangements exist for members over age 50 between now and 30 June 2012. Once a member has reached age 50, they can make concessional contributions up to \$50,000 each financial year. This provision will end 30 June 2012.

Excess concessional contributions

Contributions that exceed the concessional contributions limit will be subject to additional tax of 31.5% bringing the total tax paid to 46.5% (Contributions tax of 15% will have already been paid).

Excess concessional contributions will also be counted towards the non-concessional contributions limit. If that limit is also exceeded further tax penalties will apply.

Contributions to defined benefit schemes

RBF's defined benefit schemes:

- Contributory Scheme
- State Fire Commission Superannuation Scheme
- Tasmanian Ambulance Services Superannuation Scheme

Personal contributions made to defined benefit schemes by members will count towards the non-concessional limit. Salary Sacrifice contributions will count towards the concessional limit.

For all defined benefit schemes a formula will be used to determine the concessional contributions made by your employer. These concessional contributions will be referred to as *Notional Taxed Contributions* or NTC.

Your NTC should be combined with any Salary Sacrifice contributions you are making to determine your total annual concessional contributions.

Where your NTC exceeds the \$25,000 limit, special conditions apply and provided you were a member of the scheme in May 2006, you will not be deemed to have exceeded the limit. However, you will to ensure you do not inadvertently exceed the cap by making further concessional contributions through Salary Sacrifice. You should contact RBF and discuss your personal situation if you are unsure.

Special note for State Fire Commission Superannuation Scheme members

The productivity payment received by State Fire Commission Superannuation Scheme members is a concessional contribution. Each year, this amount will need to be added to the Notional Taxed Contributions and you Salary Sacrifice to determine your annual concessional contributions.

Indexation

The concessional contribution limit will be subject to indexation. Increases will only occur in \$5000 increments, therefore until the increment level is reached, the limit will not change.

The non-concessional contributions limit is not indexed but is calculated as six times the concessional contribution limit.

Indexation does not apply to the concessional contributions transitional rules allowing \$100,000 contribution for members over age 50.

Indexation will not apply to the 3 year 'bring forward' rule for non-concessional contributions where the increment occurs in years 2 or 3.

Tax File Numbers (TFN)

If you do not provide your Tax File Number to RBF you will be restricted in the types of contributions you can make to super.

Non-concessional contributions will have to be refunded to you within 30 days if we do not receive your TFN within that time

Members who contribute more than \$1000 of concessional contributions (employer support and Salary Sacrifice) in any year will incur a tax liability if they have not provided their TFN. If the account is opened after 1 July 2007 members will not have the \$1000 threshold and will be penalised for all concessional contributions made.

For further information

Phone us on: 03 6233 3672 or 1800 622 631

Email us at: super@rbf.com.au

Visit us at: Retirement Benefits Fund Board
39 Sandy Bay Road, Hobart

Personal interviews are available in Hobart, Launceston, Burnie and Devonport by appointment only. To arrange an interview, telephone 1800 622 631

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