



## Salary Sacrifice

### **Is the sacrifice worth it?**

Salary Sacrifice is widely recognised as an effective way to make contributions to superannuation and members should consider its benefits.

By converting your current personal contributions to Salary Sacrifice, you may increase your contributions without changing your take home pay.

Most RBF members currently employed in the Tasmanian Public Sector can Salary Sacrifice to the RBF Investment Account.

Salary Sacrifice is not right for everyone. RBF staff are available to talk you through the options so you can make your decision about the best way to contribute to your super.

You can use RBF's Salary Sacrifice calculators on the website to assess the impact on your take home pay.

### **How does Salary Sacrifice work?**

Salary sacrificing into superannuation means you choose not to receive part of your salary, so you don't pay income tax on that money. In exchange, your employer contributes the money to your superannuation.

Contributions Tax of 15% is deducted by RBF at the time the contribution is made. If this is a lower amount than you would have paid as income tax, you will have taken advantage of Salary Sacrifice to increase your contributions to super.

For tax purposes, the salary sacrificed superannuation contribution is treated as an employer contribution and will count towards your annual concessional contribution limit.

### **Who can benefit from Salary Sacrifice?**

For members earning more than \$35,000 assessable income during 2009–10, Salary Sacrifice should be considered as a contribution strategy.

Under current legislation, RBF can only accept Salary Sacrifice contributions from Tasmanian State Government employers. If you are employed in the private sector, RBF cannot accept your Salary Sacrifice contributions.

## **Salary Sacrifice may allow you to increase your contributions**

By converting from personal contributions to Salary Sacrifice, there may be an increase in your take home pay because of the tax savings.

Any income tax savings arising from Salary Sacrifice provides an opportunity for you to review your level of contributions.

Many members use the opportunity to increase the amount of additional contributions they are making to their super by making either Salary Sacrifice or personal contributions to their Investment Account.

You should take into account the Super Co-contribution when making the decision of which contribution method to use to make these contributions.

Contact RBF for assistance in working out whether your rate of superannuation contribution is adequate to reach your retirement goals and the best way to boost your contributions.

## **Are there any limits to the amount I can Salary Sacrifice?**

You can Salary Sacrifice as much or as little as you like but you need to remember that Salary Sacrifice contributions count towards your annual concessional contribution limit.

The concessional contributions limit is \$25,000 for 2009–10. If you are age 50 or over, your limit is \$50,000 per year up to 30 June 2012.

Concessional contributions include all of the following:

- All employer support and Superannuation Guarantee payments (including employer sponsored productivity payments).
- For defined benefit schemes such as the Contributory Scheme, State Fire Commission Superannuation Scheme (SFCSS) and Tasmanian Ambulance Service Superannuation Scheme (TASSS), a notional amount will be calculated to determine concessional contributions using a formula called the Notional Taxed Contributions (NTC).
- Salary Sacrifice to any superannuation account.
- Contributions for which you intend to claim a tax deduction (these are generally limited to self employed persons).

Members who contribute to more than one account or superannuation company will need to ensure that their total contributions, across all their superannuation accounts and schemes, do not exceed the limit if they wish to avoid penalty tax. It is your responsibility to monitor your contributions. More information about contribution limits is available on RBF's website [www.rbf.com.au](http://www.rbf.com.au).

## Should I consider Super Co-contributions?

Super Co-contributions are an important incentive from the Federal Government for Australians to contribute to their own retirement savings.

All personal (non-concessional) contributions to your superannuation will count towards your eligibility to receive the Super Co-contribution. Salary Sacrifice contributions do not count towards eligibility.

If you will earn less than \$61,920 during 2009–10 you should carefully compare the benefits of Salary Sacrifice with the return you would earn using Super Co-contributions.

Many members who Salary Sacrifice also make personal contributions to ensure they receive a Super Co-contribution payment. From 1 July 2009, Salary Sacrifice cannot be used as a method of decreasing your annual salary to become eligible for the Super Co-contribution payment.

Contact RBF directly or go to the RBF website [www.rbf.com.au](http://www.rbf.com.au) to calculate the level of personal contributions you may need to make for the maximum co-contribution.

## Where is my Salary Sacrifice invested?

Depending on your scheme membership and choices that you make, your Salary Sacrifice contributions are credited as indicated in the table below.

<b>Scheme membership</b>	<b>Salary Sacrifice to the following accounts/scheme:</b>
Tasmanian Accumulation Scheme	RBF Investment Account
RBF Contributory Scheme	Contributory Scheme RBF Investment Account
State Fire Commission Superannuation Scheme	SFCSS (defined benefit scheme) RBF Investment Account
Tasmanian Ambulance Services Superannuation Scheme	TASSS (defined benefit scheme) RBF Investment Account

## Can I make Salary Sacrifice contributions for my spouse?

You cannot Salary Sacrifice into anyone else's superannuation account. Your partner can Salary Sacrifice into his or her own RBF Investment Account if they are a Tasmanian public sector employee.

## Are there any consequences in retirement?

Based on current tax rules, personal contributions will be exempt from tax in retirement, however, Salary Sacrifice contributions will not be exempt from taxation upon withdrawal until you reach age 60.

Before choosing to Salary Sacrifice, RBF recommends that you consider the impact on your retirement benefit.

## How will Salary Sacrifice into defined benefit schemes work?

This information affects members of the following schemes:

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

Members of the RBF Contributory Scheme contribute at a percentage of salary between 5% and 15% of salary. Members of the Tasmanian Ambulance Services Superannuation Scheme (TASSS) contribute at a percentage of salary between 5% and 11% of salary. The standard mandated contribution rate is 5% of salary for RBF Contributory Scheme and TASSS members.

Members of the State Fire Commission Superannuation Scheme (SFCSS) contribute at the mandated contribution rate of 5% of salary.

If you make personal contributions, the contribution percent is deducted from your net (after-tax) salary.

Salary Sacrifice contributions are taxed at 15% of the contribution amount. This means that the amount you will need to Salary Sacrifice is slightly higher to ensure sufficient funds are available to cover the contribution amount after the tax payment is deducted. For example, a 5% contribution means you will need to Salary Sacrifice 5.88%. There is no need for you to work out these percentages, the contribution form has all the details you will need.

It is not possible to split your contribution to your defined benefit scheme between the two methods. That means you need to choose to make your contribution to your defined benefit scheme either as a personal (non-concessional) contribution or as a Salary Sacrifice (concessional) contribution. You can make additional contributions to your RBF Investment Account using both methods.

## How do I start?

Information from RBF's specialist staff can help you decide on the best method and contribution rate to suit your personal situation. After deciding to Salary Sacrifice you will need to complete the form to provide us with your instructions.

Forms are available on the RBF website or you can phone RBF and request a form be sent to you.

## For further information

Phone us on: 03 6233 3672 or 1800 622 631  
Email us at: [super@rbf.com.au](mailto:super@rbf.com.au)  
Visit us at: 39 Sandy Bay Road, Hobart  
Level 1, 87 George Street, Launceston

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

### Disclaimer

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