

CONTRIBUTION CAPS

Limits apply to the amount you and your employer can contribute to your super each financial year. Exceed the limits and you could pay more tax.

What are contribution caps?

Contribution caps are limits the Australian Government puts on amounts you can contribute to your super without paying extra tax. There are different caps for your concessional (before tax) and non-concessional (after tax) contributions.

All contributions you make to any super fund during the financial year count towards your caps. Log in to Member online at lgiasuper.com.au to monitor your contributions. Keep in mind, your employer generally does not pay contributions to LGIAsuper the same day you receive your pay.

Concessional contributions cap

A concessional contribution is one made to your super account from before-tax money and includes employer contributions, salary sacrificed contributions and any contributions you claim as a tax deduction. Everyone has a concessional contributions cap of \$25,000. All concessional contributions are taxed at 15% when they are paid into your super account. For more information on contributions tax see our *Superannuation tax info sheet*.

| Concessional contributions include... | Cap from 1 July 2018 |
|--|----------------------|
| <ul style="list-style-type: none">• all employer contributions regardless of the amount• money put into your super through salary sacrifice• any personal contributions you claim as a tax deduction | \$25,000 p.a. |

What if I go over the \$25,000 cap?

Excess concessional contributions are included in your taxable income, taxed at your marginal tax rate plus an excess concessional contributions charge. If you exceed your annual cap you can elect to withdraw up to 85% of your excess concessional contributions (15% contributions tax has already been paid on these amounts) from super. The Australian Taxation Office (ATO) will contact you to explain your options. If there's a chance you could exceed your cap you should talk to your payroll area or contact us.

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Can I manage my contributions?

If you are a higher paid Queensland local government employee and likely to exceed the concessional contributions cap due to the higher employer and member contributions required under the *Local Government Act (2009)*, talk to your payroll area about limiting your contributions to the cap. See our *Higher-paid employee contributions info sheet* for more details.

Tax deduction for personal contributions

Anyone under age 65 and those aged 65 to 74 who satisfy the work test can claim a tax deduction for contributions made from after-tax money. However, when claimed as a tax deduction, these contributions will count towards the concessional contributions cap and be taxed at 15% when paid into a super account. Our *Tax deduction for personal contributions info sheet* tells you more. For a copy visit our website or contact us.

What if I don't reach the concessional contributions cap?

From 1 July 2018, anyone with a total superannuation balance less than \$500,000 (at the end of a financial year), can carry forward the unused portion of their concessional contributions cap on a rolling basis for a period of 5 years. This means from 1 July 2019, you can add the unused portion of your annual concessional contributions cap from the 2018/19 financial year to your 2019/20 annual cap. Amounts not used will expire after 5 years.

Defined benefits

If you have a defined benefit a specific formula is used to work out the value of concessional contributions that have been made and these are referred to as your notional taxed contributions (NTC).

If your NTC exceeds the concessional contributions cap your contributions are still considered to be within the cap and will not be subject to additional tax. However, any additional concessional contributions on top of the NTCs in excess of the concessional contributions cap will be subject to the additional tax. Download the relevant defined benefit guide from lgiasuper.com.au to find out more about the NTC calculation.

Non-concessional contributions cap

Non-concessional contributions are made from income you have already paid tax on. The annual non-concessional contributions cap is \$100,000.

| Concessional contributions include... | Cap from 1 July 2018 |
|---|---|
| <ul style="list-style-type: none">contributions made from after-tax moneyincludes any spouse contributions you receiveany personal contributions not claimed as a tax deduction | <ul style="list-style-type: none">\$100,000 p.a.\$300,000 as a lump sum or spread over a 3-year period if you are under age 65.Transitional rules also apply. |

What if I exceed the non-concessional contributions cap?

Contributions made above the cap will be taxed at the maximum rate of 47% (including the Medicare levy). If you go over your non-concessional contributions cap, you can elect to withdraw any excess contributions and associated earnings from your super as determined by the ATO.

Bring forward rule

If you are under age 65 you can 'bring forward' the next 2 years' non-concessional contributions caps. This means you can contribute up to \$300,000 over a 3-year period. The amount can be contributed as one lump sum or spread over the 3 years.

If you triggered the bring-forward rule in the 2016/17 financial year but did not use the full non-concessional bring-forward cap before 1 July 2017, the remaining bring-forward amount will be readjusted to reflect the lower \$100,000 annual cap.

| Year triggered | Maximum bring-forward amount |
|-----------------|------------------------------|
| 2016/17 | \$380,000 |
| 2017/18 onwards | \$300,000 |

Upper threshold for non-concessional contributions

Anyone with a total superannuation balance of \$1.6 million or more is unable to make non-concessional contributions. If you have under \$1.6 million in super, you can make up to \$100,000 a year in non-concessional contributions depending on your total superannuation balance at 30 June in the previous financial year. Access will be restricted for balances of \$1.4 million or more, as shown in the following table. You can view your total superannuation balance using the ATO's online services through your myGov account. Got to www.ato.gov.au for details.

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| Total super balance on 30 June 2018 | Non-concessional contributions cap maximum bring-forward amount for 2018-19 (first year) | Bring-forward period |
|--|--|---|
| Less than \$1.4 million | \$300,000 | 3 years |
| \$1.4 million to less than \$1.5 million | \$200,000 | 2 years |
| \$1.5 million to less than \$1.6 million | \$100,000 | No bring-forward period. General non-concessional contributions cap applies |
| \$1.6 million | Nil | N/A |

Any questions?

We're here to help. Our trusted and reliable team can work with you to grow your savings and plan a strong financial future. Call us on **1800 444 396** or visit our website at **lgiasuper.com.au**.

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