

SUPERANNUATION for councillors

This info sheet reflects LGIAsuper's understanding of provisions of the Local Government Act 2009 and tax law. It does not apply to Brisbane City Council councillors or any other LGIAsuper member.

Do councils pay superannuation for their councillors?

Councillors are not generally regarded as employees for taxation and superannuation purposes. This means a council is generally not obliged to pay superannuation contributions for councillors.

However, where a council resolves unanimously to be an 'eligible local governing body' under the *Taxation Administration Act* councillors are regarded as employees and superannuation guarantee contributions (9.5% of ordinary time earnings) must be paid. If a council has not resolved to be an eligible local governing body, it is up to the council to decide whether it will make super contributions for the councillor. A maximum contribution rate of 12% applies (see section 226 of the *Local Government Act 2009* for details).

Under advice from the Australian Taxation Office dated 13 August 2007, councillors may enter into agreements with councils to sacrifice their remuneration into super. Such contributions are treated the same way as employer contributions. This means they are taxed at 15% and count toward the concessional contributions cap.

Tax deduction for personal contributions

Everyone under age 65 and those aged 65 to 74 who satisfy the work test can claim a tax deduction for their personal contributions. Personal contributions are

made from after-tax money and can be paid as a lump sum or as a regular contribution. When claimed as a tax deduction they will count towards the concessional contributions cap and will be taxed at 15%. For more information visit our website or give us a call. Our *Tax deduction for personal contributions info sheet* has more information.

Salary sacrifice arrangements

Under section 226(4) of the *Local Government Act 2009*, councillors can salary sacrifice part of councillor remuneration in pre-tax superannuation contributions. These salary sacrifice contributions are treated as employer contributions from the council.

For a salary sacrifice arrangement to be effective for taxation purposes, it must take the form of a written agreement that relates only to prospective earnings. If the agreement attempts to include income earned prior to the date of the agreement, it will be treated as ineffective and the income will be taxed as ordinary earnings.

Seek professional help

We recommend councils seek professional help when determining the best strategies for superannuation and councillors.

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Which super fund?

Contributions can be made to LGIAsuper or to any other complying superannuation fund. And we can accept contributions from any employer.

LGIAsuper is a fund that welcomes everyone

LGIAsuper is the default super fund for Queensland local government – a connection we've shared since 1965. We are also a fund for everyone since opening our door to communities everywhere on 1 July 2017.

Some of the great things we offer you

As a member, you'll enjoy the strength, security and reliability we're known and trusted for, as well as:

- **lower fees** than most major super funds that are consistently assessed by independent experts as among the lowest in the industry.
- **insurance solutions** to help financially protect you and your family.
- **intelligent investment strategies** that consistently perform to deliver reliable growth and returns, as well as fee-free investment switching and withdrawals plus a wide range of flexible investment options.
- **expert advice from our qualified financial advisers** who can tailor advice to suit you, whatever your life stage, personal objectives or super balance.

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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