Superannuation.

Strategy Information Flyer

Super is a retirement savings vehicle that can receive both employer and personal contributions. To receive contributions, as well as concessional tax treatment, a super fund must be complying.

A complying super fund must be a resident regulated super fund and satisfy conditions relating to compliance with regulatory standards.

Types of super funds.

Accumulation fund

Most current super funds are accumulation funds. The value of your benefits is the sum of:

- Super guarantee contributions (SGC) employers make;
- Personal contributions;
- Bonus contributions; and
- Earnings from investments; less
- Fees and charges within the super funds.

Defined benefit fund

These tend to be older funds, or government employees sometimes have defined benefit funds. The value of your benefits is often defined by a formula that can include:

- Employer contributions;
- Personal contributions;
- Length of service; and
- Salary at retirement.

Conditions of release.

Your super can only be accessed once you have satisfied a condition of release. You will need to provide evidence to your super fund to get access to your benefits.

There are several conditions of release, such as:

- Retired after reaching preservation age;
- At, or over, age 60 and ceased employment;
- Permanently incapacitated;
- Severe financial hardship;
- Age 65 or above;
- Release on compassionate grounds;

- Temporary incapacity (must be received as a non-commutable income stream);
- Above preservation age and receive the benefit as a non-commutable income stream;
- Terminal illness;
- Death; or
- Release authority.

Outlined below are the three most common conditions of release. For other situations, you should discuss your circumstances with your adviser.

Reaching age 65

At age 65, you can access your super, even if you are still working (unless your employer fund has restrictions).

Retirement

The definition of retirement requires you to be over your preservation age and permanently retired, i.e. do not intend to work again for 10 hours or more in any week. The preservation age gradually increases depending on your date of birth as per below:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

If you stop working for your current employer after you reach age 60, you can access your super even if you intend to work for another employer in the future.

Permanent incapacity

You can access your super if you become totally and permanently incapacitated. You will need to provide evidence of your inability to return to work. Contact your fund to find out their requirements for the early release of this nature.

Types of super contributions.

Concessional contributions

Concessional contributions are pre-tax contributions to super and may include salary sacrifice, employer deductible contributions and personal deductible contributions. These types of contributions are tax deductible.

Concessional contributions paid to your super fund are taxed at 15%. If your combined income and concessional contributions for the year exceed $250,000, an additional 15% tax (known as Division 293 tax) may also apply to your contributions.

Legislation limits the amount of concessionally taxed contributions that you can make to super:

Date	Concessional super contribution cap
1 July 2026	$32,500

Once the Australian Taxation Office (ATO) has received and assessed all your financial information, they will notify you if you go over the limit and what your options are.

If you go over your concessional cap (including any available cap from previous years under the carry forward provisions), any contribution you make above the cap, will be included in your income tax assessment. You can choose to withdraw some of your excess concessional contributions to pay the additional tax.

Carry-forward of unused concessional contributions

You can carry forward any unused amount of your concessional contributions cap. You will be able to access your unused concessional contributions cap on a five year rolling basis. Amounts carried forward that have not been used after five years will expire. This is only available to use if your total super balance was less than $500,000 at the end of the previous financial year. The first year in which unused concessional contributions can be carried forward is 2021–22.

Non-concessional contributions

A non-concessional contribution is a super contribution to a complying super fund where you have already paid tax on the money used to make the contribution. These contributions are sometimes referred to as 'after-tax' contributions to reflect that they come from a taxed source. This means the fund does not pay tax on the contribution, and it receives a tax-free status within the fund.

The non-concessional cap is set at four times the general concessional cap of $32,500 and for the 2026/27 financial year is $130,000. It's important to regularly monitor the contributions made to your super fund to avoid inadvertently exceeding the cap.

Timing of your contributions is important. Contributions are counted towards the caps in the year they are received and credited by your super fund. This will usually be some time after a cheque is sent or handed to your super fund, or an online transfer is authorised.

From 1 July 2022, you are not required to meet the work test or work test exemption criteria to make non-concessional contributions up to the age of 75. Once you reach 75, you are no longer eligible to make personal contributions to super. If you are 67-74 years old and wish to claim a tax deduction for your personal contributions, you will need to meet the work test or satisfy the work test exemption.

Bring forward rule

If you are under 75, for at least one day of a financial year, you can bring forward two years' worth of contributions, giving you a total non-concessional contributions cap of up to $390,000, over a three-year period.

The three-year period automatically starts from the first year that you contribute more than that year's standard non-concessional contributions cap. Where a bring forward has been triggered, the two future years entitlements are not indexed.

Where an individual's super balance is close to $2.1 million, the amount of non-concessional contributions you can make is scaled back.

Total super balance at end of previous financial year	Maximum Non-concessional contributions cap for the current financial year	Bring-forward period
Less than $1.84M	$390,000	3 years
$1.84M to less than $1.97M	$260,000	2 years
$1.97M to less than $2.1M	$130,000	No bring-forward period, general NCC cap applies
$2.1M or more	Nil	N/A

If you exceed the cap, the Australian Taxation Office (ATO) will notify you and allow you to release the excess from your super fund. Otherwise, any amount over the non-concessional cap will be taxed at 47%.

Non-concessional contributions include:

- Personal contributions for which no valid deduction notice is submitted and acknowledged;
- Personal contributions where a valid deduction notice is submitted, but a tax deduction is unable to be claimed or is denied;
- Amounts you transferred from a foreign super fund that do not count towards your Australian fund's assessable income.
- Contributions made on your behalf by your spouse (unless they are doing so as your employer);
- If you are under 18, contributions made on your behalf by any other (non-employer) third party, such as a friend or relative;
- Contributions in excess of your concessional contributions cap that you do not withdraw from the fund;
- Contributions in excess of a person's lifetime CGT cap amount

Please Note: If you make personal contributions that you do not claim as an income tax deduction, and you are a low-to-middle income earner, you may be eligible for the Government co-contribution.

The following contributions are specifically excluded from the definition of non-concessional contributions:

- Government co-contribution;
- Rollover within the Australian super system;
- The tax-free component of directed termination payments;
- Qualifying proceeds from the sale of a small business asset; and
- Proceeds from a personal injury due to permanent incapacity (subject to certain conditions).

Contributions to Superannuation using Small Business provisions

Realised capital gain or sale proceeds from the sale of your business can be contributed to superannuation using the Small Business provisions.

When you have owned and operated your business for over 15 years, you are able to use the proceeds from the sale of your business to make a contribution into superannuation using the CGT cap. This means that you can contribute up to $1,865,000 (in addition to the standard non-concessional caps) and utilise the benefits of superannuation in your retirement.

Where a capital gain will be generated from your business sale, you may be able to utilise the Retirement Exemption to contribute up to $500,000 of the gain into superannuation. This will allow you to place more funds in the tax advantaged superannuation environment to provide for your retirement. Additionally, reduced capital gains tax will be payable by using the retirement exemption concession.

The criteria that must be met to access the Small Business CGT Cap is complex. Tax advice from a tax specialist must be sought before proceeding with these contributions.

Maximum limit permitted to be transferred into retirement income streams

On 1 July 2026, the general transfer balance cap was indexed to $2.1 million. Every individual will have their own personal transfer balance cap of between $1.6 and $2.1 million, depending on their circumstances.

If you start a retirement phase income stream **for the first time** on or after 1 July 2026, you will have a personal transfer balance cap of $2.1 million.

If you had a transfer balance account **before** 1 July 2026, your personal transfer balance cap will be between $1.6 and $2.1 million based on the highest ever balance of your transfer balance account.

If you exceed your personal transfer balance cap, the excess must be transferred back into accumulation or withdrawn. The earnings on these excess funds are taxed at 15% for the first breach. Any future breach is taxed at 30%.

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Salary sacrifice.

Salary sacrifice to super means giving up some of your salary to make contributions to super. It is called salary sacrifice to highlight that the contribution is made from your salary before tax is deducted and before it is paid to you. Rather than paying your marginal tax rate on this amount, the super fund will deduct the concessional rate of 15%. An additional 15% tax may apply to these salary sacrifice contributions if you are a high income earner with annual income in excess of $250,000.

It's important to regularly monitor the level of salary sacrifice and employer SGC made to your super fund to avoid inadvertently exceeding the concessional contribution cap.

Timing of your contributions can also be important. Contributions are counted towards the caps in the year they are received and credited by your super fund. For example, your employer may send contributions to the fund in the month after each quarter, which means that contributions made for the period April to June will be received by the super fund in July and, therefore, will count towards the next financial year caps.

Any amount over the concessional contributions cap will be included in your assessable income and taxed at your marginal tax rate. You will receive a tax offset equal to the 15% tax paid by your fund on this amount. You can elect to have 85% of your excess concessional contributions released from super, and the released amount will not count toward your non-concessional contributions cap.

Super guarantee scheme.

The Super Guarantee (Administration) Act was introduced in 1992 and states that an employer must make super contributions on behalf of an employee to a complying superannuation fund.

Employers must contribute a minimum of 12% of their employees ordinary time earnings up to a maximum earnings base of $270,830 per annum.

Super government co-contribution.

If you make a personal contribution to super and you earn below $64,293, you may be entitled to an additional super contribution from the federal government.

There are two super co-contribution thresholds - a lower income threshold and a higher income threshold. If you are eligible for the super co-contribution and your total income is equal to or less than the lower income threshold, you are eligible for the maximum super co-contribution amount. If your income is between the lower and higher income thresholds, your entitlement is calculated subject to the reduction rate.

The reduction rate is the amount your super co-contribution entitlement reduces as you move from the lower income threshold amount to the higher income threshold amount. You are not entitled to a super co-contribution once your total income is equal to the higher income threshold.

	Reduction in co-contribution (RI)	Maximum co-contribution
$0 - $49,293	Nil	$500
$49,293- $64,293	(TI - $49,293) x 0.03333	$500 - RI

To be eligible for the co-contribution, you must satisfy the following conditions:

- You made one or more eligible personal super contributions to your super account during the financial year;
- You have not contributed an amount more than your non-concessional contributions cap for the relevant financial year;
- You have a total super balance less than the transfer balance cap on 30 June of the financial year before the contribution;
- At least 10% of your total income for the year comes from employment related activities;

- Total income* for the 2026/27 financial year is less than $64,293;
- An income tax return is lodged at the end of the financial year;
- You were less than 71 years old at the end of the financial year; and
- You did not hold a temporary visa at any time during the financial year (unless you are a New Zealand citizen, or it was a prescribed visa).

If you exceed your non-concessional contributions cap in a financial year, or your total super balance is equal to or greater than $2.1 million, then you will not be eligible for a government co-contribution.

*Total income is the sum of your assessable income, reportable fringe benefits (fringe benefits reported on your payment summary) and reportable employer super contributions (most commonly, salary sacrifice contributions). If you are deriving income from carrying on a business, business deductions are taken into account in calculating your total income.

You do not have to apply to receive the co-contribution. However, you do need to lodge a tax return for the financial year. The ATO determines if you qualify for the contribution from your tax return. If you qualify, the government deposits the benefit into your super account in the financial year following the year that you make the non-concessional contribution and sends you a letter confirming the details.

Low-income super tax offset.

The government introduced the low-income super tax offset (LISTO) to help low-income earners save for retirement. If you earn below $37,000 in a financial year, you may be eligible to receive a refund into your super account for the tax paid on your concessional super contributions - up to a cap of $500. This means that most low-income earners will pay no tax on their super contributions.

Spouse contributions.

You may be able to claim a tax offset if you make an eligible contribution on behalf of your spouse who is earning a low income or not working. The maximum tax offset you can claim is $540 per year.

You can make contributions to super on behalf of your spouse if:

- Your spouse has not exceeded their non-concessional contributions cap for the financial year;
- Your spouse's total super balance on 30 June of the previous financial year is below the general transfer balance cap ($2.1 million);
- The contributions are made to a complying super fund, or a retirement savings account on behalf of your spouse;
- You and your spouse are Australian residents when the contributions were made;
- You did not make the contributions to satisfy a family law obligation;
- You are not living separately or apart from your spouse when the contributions were made;
- The contribution has not been used to claim a tax deduction or government co-contribution;
- Your spouse's assessable income plus reportable fringe benefits are less than $40,000; and
- Your spouse is under age 75.

Other considerations for spouse contributions:

- For the tax offset to be approved, it does not include a spouse who lives separately and apart from the taxpayer permanently;
- Spouse contributions are not taxable contributions when received by the fund. They form part of the tax-free component when paid by the fund as part of a super benefit; and
- The offset will be applied in your tax return and is not available as a tax reduction in your salary or wages.

In-specie contributions.

You may like to contribute to super without having to sell down your investment to do so. You can transfer certain investments into super in place of a cash-based contribution. This is called an 'in-specie transfer'. Conditions that need to be met for this to be permittable under super law include:

- In-specie transfers must not breach SISA s 66 (i.e. a trustee must not intentionally acquire an asset from a related party of the fund);
- Asset values are based on market value and the market valuations must be performed by qualified valuers;
- If being transferred into an SMSF, they must be in accordance with the fund's investment strategy;
- Residential properties are not allowed as in-specie transfers into super; and
- Some smaller property syndicates are not included, and you should check with your managed fund if applicable.

Downsizer contributions into super.

You can elect to make a downsizer contribution into your super of up to $300,000 from the proceeds of selling your home. Your downsizer contribution is not a non-concessional contribution and will not count towards your contribution caps. The downsizer contribution can still be made even if you have a total super balance greater than $2.1 million.

You will be eligible to make a downsizer contribution to super if:

- You are age 55 or older at the time you make a downsizer contribution (there is no maximum age limit);
- The amount you are contributing is from the proceeds of selling your home (where the contract of sale was exchanged on or after 1 July 2018);
- Your home was owned by you or your spouse for ten years or more before the sale – the ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale;
- Your home is in Australia and is not a caravan, houseboat or other mobile home;
- The proceeds (capital gain or loss) from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption;
- You have provided your super fund with the Downsizer Contribution into Superannuation form either before or at the time of making your downsizer contribution;
- You made your downsizer contribution within 90 days of the change of ownership in your home; and

- You have not previously made a downsizer contribution to your super from the sale of another home.

Key points to note on downsizer contributions:

- Downsizer contributions are not tax-deductible and will be taken into account for determining eligibility for the age pension; and
- If you make a downsizer contribution, there is no requirement for you to purchase another home.

First Home Super Saver Scheme (FHSSS).

The First Home Super Saver Scheme (FHSSS) was introduced to reduce the pressure on housing affordability and assist people to get into their first home sooner. THE FHSSS is available to anyone 18 and over who has never owned a property before.

The scheme allows you to save money inside your super fund by making voluntary super contributions which can be used to purchase your first home. Voluntary contributions that can be withdrawn under the scheme include:

- Salary Sacrifice contributions;
- Concessional contributions; and
- Non-Concessional contributions.

Under the scheme, first home buyers, who have made voluntary super contributions into their super fund, are eligible to withdraw these funds (plus any associated earnings/less tax) from their super fund to assist with funding their first home purchase.

To make a withdrawal under the scheme, you will need to submit an application to the ATO. If you are eligible to withdraw funds from your super under the scheme, you can only make one FHSSS withdrawal in your lifetime.

Things to be aware of:

- You need to apply for and receive a FHSSS determination from the ATO before signing a contract for your home or applying for release of your FHSSS funds.
- Superannuation guarantee contributions and spouse contributions to your super fund can not be released under the scheme.
- To be eligible, you need to live in the property you are buying or intend to as soon as practicable and you intend to reside in the property for at least six months during the first 12 months of ownership, after it is practicable for you to move in.
- From 1 July 2022, you will be able to contribute, and access for your first home, up to $50,000 in total voluntary contributions made under the FHSSS. These contributions must be within existing contribution caps (e.g. the $32,500 per year concessional contributions cap).
- The maximum amount that can be withdrawn under the scheme is $50,000 for individuals or $100,000 for couples plus associate earnings.
- The amount of concessional contributions and associated earnings released under the Scheme will be taxed at your marginal tax rate less a 30% tax offset in the year the release is requested.
- You must use the funds to buy residential property (including vacant land if you are planning to build).

- Any amounts withdrawn under the FHSSS and are not subsequently used for the purchase of a property must be contributed back into your super as after-tax contributions. Penalties may apply otherwise.
- The home you purchase, or build must be located within Australia.

Division 296 tax.

Division 296 tax is an additional tax on individuals with large super balances.

From 1 July 2026, it applies where to individuals that have a total superannuation balance exceeding $3.0 million.

The tax is applied to that portion of super fund earnings attributed to the total superannuation balance exceeding $3.0 million. Most Australians will not be affected.

Earnings on balances up to $3.0 million are unchanged. Earnings attributable to amounts above $3 million are taxed at higher concessional rates – 15% on balances above $3.0 million. A second tier of Division 296 tax applied to individuals with a total superannuation balance exceeding $10.0 million. The tax rate applied to that portion of earnings on balance exceeding $10.0 million is 10%. The tax applies to realised earnings only (such as interest, dividends and capital gains), not unrealised gains.

Trustees of SMSFs will have the option of revaluing the assets of their SMSF and resetting the cost base as of 30 June 2026. A fund is unable to select specific assets to revalue. They must reset the value of all assets, or none. The fund must make an election to have the cost base of its assets reset no later than when the SMSF submits its statutory returns for the 2027 financial year. The option of resetting the cost base for SMSF assets is only valid for Division 296 purposes. It does not apply to general taxation and capital gains tax purposes.

This tax is in addition to existing super fund tax, which is generally 15% in accumulation phase and 0% on assets supporting retirement phase income streams. Division 296 is intended to reduce tax concessions on very large balances while maintaining the overall fairness and sustainability of the super system, and is levied on the individual fund member, and not their super fund. Division 296 tax can be paid personally following the issue of an assessment, or an election can be made to have the tax released from superannuation.



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