Maximise your contributions

with carry-forward concessional contributions

Maximise your super contributions and catch up on passed opportunities.

The introduction of the carry-forward rule in 2019–20 allows you to make extra concessional contributions – above the general concessional contributions cap – without having to pay extra tax. Previously, if you could not contribute up to your maximum, the opportunity was lost.

What are concessional contributions?

Concessional contributions are those made to your super fund before tax. This includes employer superannuation guarantee contributions and salary sacrifice amounts. It also includes personal contributions you make and then claim as a tax deduction.

The concessional contributions are currently capped at $27,500 per year, which was was increased from $25,000 on 1 July 2021.

How does the carry-forward rule work?

If your concessional contributions in a year are less than the annual cap of $27,500, and your total super balance as at 30 June of the previous financial year was less than $500,000, the 'unused' amount from your cap can be carried forward for the next five financial years. After five years, that unused amount will expire.

For example, if you only made $10,000 in concessional contributions to your super fund, in the 2019/2020 financial year, the unused $15,000 can be paid within the next five years. If you're eligible, you can make additional contributions up to that amount until the end of 2024/2025 financial year.

Case study

Shirley earns $50,000 pa and received super guarantee contributions of $4,750 each year from her employer for the past three financial years (2018/2019, 2019/2020 and 2020/2021). On June 30 2021, her total super balance was less than $500,000.

This means that in 2021/2022, Shirley can make concessional contributions of up to $83,250 into her superannuation using the carry forward rules.

Using concessional contributions to reduce capital gains tax and boost super

During the 2021/2022 financial year, Shirley sells an investment property which increases her taxable income to $150,000. The tax payable on her income is $43,567.

Shirley decides to make a tax-deductible personal contribution of $80,000 into her fund using her unused carry forward concessional contributions of $60,750 and $19,250 of her remaining 2021/22 contribution cap.

Shirley can claim a tax deduction for the personal contribution of $80,000 in her tax return, which reduces her taxable income to $70,000 for the year (disregarding any other income and deductions).

Her new personal income tax payable is $13,217 which means that – after claiming the deduction – she will pay $30,350 less in tax.

While keeping in mind that $12,000 tax was deducted from Shirley's super contribution, she has added to her super and still saved $18,350 in tax payable.*

Financial year	2021/2022
Concessional contribution cap	$27,500
Available carry forward contributions from previous years	$60,750
Total cap available	$88,250
Less employer contribution for the current year	$5,000
Cap available for additional contributions	$83,250
Additional contributions made	$80,000
Cap remaining	**$3,250**

Concessional contributions checklist

- ☐ Check your superannuation balance as at 30 June 2021 – was it less than $500,000?
- ☐ What did you contribute to your super in the 2019, 2020 and 2021 financial years?
- ☐ If you contributed less than $25,000 in 2019, 2020 and 2021 financial years and you have available cash flow, consider topping up to the threshold.
- ☐ If you don't contribute the full $27,500 this financial year, you can always carry forward this year's threshold balance and top-up in a future year (assuming your super account balance is still under $500,000 as at 30 June each year).

Speak to us before making additional contributions.

Financial advice can help you maximise your contribution benefits and minimise tax on your super. Take the stress out of the unknown by working with a team of experienced and licensed financial planners*. Call us on 1300 348 546 or book your appointment online hostplus.com.au/financial-planning.

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*This case study is for illustrative purposes only. Members should seek advice from a qualified licensed professional regarding their own circumstances. The reduction in personal income tax payable is based on claiming a tax deduction for the $60,500 voluntary after-tax contribution. Tax return does not take into account other income and deductions.