



## Contribution Overview

October 2021



## Concessional Contributions

### Salary Sacrifice

Salary Sacrifice contributions are taken from your pre-tax salary and paid directly into your super account. Because no income tax is deducted prior, these contributions are taxed by your fund; but generally only at a rate of 15%<sup>1</sup>. This means you can reduce your assessable income and potentially save on tax.

### Personal Deductible Contributions

Personal deductible contributions are personal super contributions that you have made to your super fund from your after-tax income, for example, from your bank account, which you may be able to claim a tax deduction for.

### Catch-up Contributions

You may be able to carry-forward any unused amount of your concessional contribution cap if you:

- have a total Superannuation balance of less than \$500,000 on 30 June of the previous financial year; and
- are eligible to make concessional contributions.

For example, if you only used \$10,000 of your \$25,000 concessional contributions cap in FY 20/21, you may be eligible to contribute up to \$42,500 in FY 21/22 (\$27,500 annual concessional contributions cap plus unused 20/21 amount).

### Super Splitting

Super splitting helps boost your spouse's savings. Under super splitting, eligible super contributions can be split between spouses and de-facto couples after the end of each financial year. Split contributions will be transferred from the member's super account to their partner's.

Only concessional contributions (SG, Salary Sacrifice, additional employer contributions and deductible contributions) are eligible for super splitting with a spouse. You can split up to 85% of these concessional contributions, super splitting fees do apply.

To find out more visit [hostplus.com.au](http://hostplus.com.au)

## Non-Concessional Contributions

### Government Co-Contributions

If you earn less than \$56,112 in the 2021-22 financial year and make after-tax contributions to your super, the Government could pay up to \$500 directly into your account. The Government Co-Contribution is available to permanent residents up to 70 years of age, earning at least 10% of their income through employment or the running of a business.

### Spouse Contributions

If your spouse earns less than \$40,000 in a financial year, you can earn a tax rebate of up to \$540 a year for contributions you make on their behalf. It doesn't matter how much you earn. The tax offset is calculated as 18% of the lesser of:

- \$3,000 less every dollar that your spouse earns over \$37,000, or
- the value of the spouse contribution.

For example if your spouse earns \$38,000 p.a., the rebate would be 18% of \$3000- \$1000 (ie. the amount of income your spouse has earned over \$37,000) = 18% of \$2000 = \$360.

### Bring Forward Rule

Although it sounds complicated, bring-forward contributions are just what they sound like – you bring forward your non-concessional contributions caps from future years and use them in a shorter time period.

The bring-forward rules allow you to decide to advance your contributions caps from a three-year period and use them over a shorter period – either all at once or as several large contributions.

Please note that there are age, total super balance and work test conditions that must be met.

## Annual contribution limits

Annual contribution limits apply to both before-tax (concessional) and after-tax (non-concessional) contributions made to your super. These limits are indexed each year and any contributions over the limit are subject to extra tax.

1. Contributions are generally taxed at a rate of 15%. An additional tax will be payable on superannuation contributions for high income earners with an adjusted taxable income of \$250,000 or more.

Please remember that the limits apply to the total of all super accounts that you have. These limits are as follows:

Contributions	Annual limit 2021/2022
<b>Before-tax (concessional)</b> Includes: <ul style="list-style-type: none"> <li>• Employer contributions</li> <li>• Salary sacrifice contributions, and</li> <li>• Personal contributions for which you claim an income tax deduction</li> </ul>	\$27,500  Note, if you are able to utilise the carry forward strategy your personal limit may differ.
<b>After-tax (non-concessional)</b> Includes: <ul style="list-style-type: none"> <li>• Spouse contributions</li> <li>• Government co-contributions</li> <li>• Bring forward rule</li> </ul>	\$110,000  Provided your total super balance is less than \$1.6m. Note, this limit may vary if bring forward rules are used.

## Downsizer Contributions

If you are aged 65 years or older and sell your home, you may be eligible to make a Downsizer contribution into your superannuation.

Existing contribution caps and restrictions do not apply to a Downsizer contribution.

- If you are 65 years old or older and meet the eligibility requirements, you may be able to choose to make a downsizer contribution into your superannuation of up to \$300,000 from the proceeds of selling your home.
- You can only make downsizing contributions for the sale of one home. You can't access it again for the sale of a second home.
- Downsizer contributions are not tax deductible and will be taken into account for determining eligibility for the age pension.

## Age Pension

Even if you have super, you may still be eligible for the Age Pension or a part Pension from the government.

### Age Pension age

Eligibility criteria depends on your date of birth. From 1 July 2021, the age pension eligibility age for individuals is 66 years and 6 months.

Age Pension age for those born from 1 January 1954	
New Pension age	Year people are born
66	From 1 Jan 1954 to 30 June 1955
66.5	From 1 July 1955 to 31 Dec 1956
67	From 1 Jan 1957 onwards

## Income Test

Limits for full and part pension (from 1 July 2021).

Family situation	For full pension (per fortnight)	For part pension <sup>2</sup> (per fortnight)
Single	Up to 180*	Less than \$2,115
Couple (combined)	Up to \$320*	Less than \$3,237
Couples separated by illness (couple combined)	Up to \$320*	Less than \$4,190

\*The pension will reduce by 50 cents for each \$1 of income over this amount.

## Asset Test

Limits for full and part pension (from 1 July 2021).

Lower limit for full pension		
Family situation	Homeowners	Non-homeowners
Single	\$270,500	\$487,000
Couple (combined) - one or both eligible	\$405,000	\$621,500
Illness separated (couple combined)	\$405,000	\$621,500

Upper limit for part pension		
Family situation	Homeowners	Non-homeowners
Single	\$593,000	\$809,500
Couple (combined) - one or both eligible	\$891,500	\$1,108,000
Illness separated (couple combined)	\$1,050,000	\$1,266,500

The asset test limits are updated in January, March, July and September each year.

## Work Bonus

The Work Bonus is a government program which incentivises you to continue to work, even after you have started to receive the age pension.

You can earn up to \$300 as a single per fortnight from work without it being counted toward the age pension income test.

If you are part of a couple and you both receive the age pension, you will each be entitled to deduct the \$300 per fortnight from your employment earnings for age pension income test purposes.

## Pension Loan Scheme

The scheme allows you to access a loan from the Australian Government. To qualify you must meet all of the following criteria:

- qualify for or receive a qualifying pension<sup>3</sup>,
- own real estate in Australia with enough equity to secure the loan,
- have adequate insurance covering the secured real estate,
- not bankrupt or subject to a personal insolvency agreement, and
- You or your partner are Age Pension age or older.

Recent changes to the Pension Loan Scheme will impact new and existing participants with more people being able to access it. The amount you can receive per fortnight has recently increased to 150% of the maximum fortnightly pension rate.

Please note: borrowing limits do apply and interest is payable on borrowed funds.

## More Information.

Chat to us. Your first conversation with a financial planner is included in your membership.

Call us on **1300 348 546** or visit **hostplus.com.au** to make an appointment today.



3. Qualifying pension includes Age Pension, Carer Payment, Disability Support Pension

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