Superannuation for the employed

What does my employer contribute to superannuation?

Most employees will receive a Superannuation Guarantee contribution from their employer which is currently set at 9% of salary or wages. This is a legal requirement by the Commonwealth Government.

An employer does not have to pay the Superannuation Guarantee if you

- Are aged 70 years and over
- Earn less than $450 per month
- If you are under 18 years of age and you do not work at least one 30 hour week within the calendar month
- In a few other limited circumstances

Can I get a tax deduction if I pay into my superannuation?

As an employee you are not usually entitled to any tax deductions for any personal contributions you make to superannuation.

Non-concessional contributions

If you are employed you can make "non-concessional contributions" to super. These are contributions made personally by you with after-tax money.

You cannot claim a tax deduction on these contributions but you also do not have to pay 15% contributions tax.
On withdrawal there is no tax payable on the contribution amount even if you are under 60 years of age. You can withdraw your money as a lump sum (having met a condition of release) or as income through a pension or annuity.
These tax-free contributions are limited to $150,000 for each person each year. If you are under 65 years of age, you can also average the contributions over three years so you can add $450,000 in the first year, but then cannot make further contributions for the next two years. Contributions exceeding these caps will be subject to tax.

Salary Sacrifice

Your employer may offer you the opportunity to salary sacrifice into super. In this case a contribution is made by your employer on your behalf and is paid from "before tax dollars" or gross income. This means you can effectively reduce your taxable income while increasing your superannuation.

Before you consider this type of contribution you should speak to your Personal Money Coach or see a Financial Planner to consider how beneficial this form of contribution is for your particular circumstance.

These types of contributions will be limited to $25,000 for each person, each year (except if you are over 50 years of age and you can put in $50,000 a year till 30 June 2012). Note that your superannuation guarantee amounts are also counted toward this limit.

Spouse contributions

- Your ‘receiving’ spouse should be under age 65 (no employment requirement) or aged 65-69 and gainfully employed on at least a part time basis.
- You can be any age.
- The contribution should be made to a complying superannuation fund.
- You both must be Australian residents.
- You have to be an Australian tax payer.
- There is a limit on contributions of $150,000 or if under 65, $450,000 in a 3 year period.
- The contributions are treated as ‘non-concessional contributions’ and are preserved to the receiving spouse’s preservation age.

If eligible, you can claim a tax offset of 18% for contributions up to $3,000. You get the maximum offset of $540 (18% of $3,000) if your spouse earns under $10,800 but they can earn up to $13,800 to get a partial offset.