

Super Facts

Concessional Contributions – Division 5 members

From 1 July 2007 the Government introduced significant changes to superannuation, known as Simplified Super. Details of these changes were provided to members in the Simplified Super brochure and on the Plan's website. Further changes were announced in the 2009 budget. This document includes these announcements which are expected to apply from 1 July 2009.

Concessional Contributions Caps

Concessional contributions are those contributions that are made for you by the Company from pre-tax salary. They include Company contributions, superannuation guarantee contributions, voluntary Salary Sacrifice contributions and for some Divisions Notional Taxed Contributions (NTCs).

From 1 July 2009 the Government intends to reduce the concessional contributions caps to:

- \$25,000 for 2009/10; or
- \$50,000 for members over age 50.

It is expected that the new cap of \$25,000 will be indexed in future years. The cap for members over age 50 is a transitional cap which will not be indexed and will cease after 30 June 2012.

Contributions which are included

There are three types of company contributions that count towards the concessional contribution limit. There are:

1. A Notional Taxed Contribution (NTC) representing the value of the Company contributions covering your insurance cost and administration fee;
2. Contributions made by Salary Sacrifice (including statutory Superannuation Guarantee contributions made by the Company and Voluntary Salary Sacrifice);
3. Any other Concessional Contributions.

The contributions and benefits vary between Plan Divisions. If you change employment classification or move between Divisions, different contributions may be counted against your Concessional Contributions Caps.

Notional Taxed Contributions (NTC)

The insurance cost and administration fees are paid on your behalf by the Company. **Legislation requires these amounts be counted when assessing your concessional contributions against the concessional contribution caps.**

For members of Division 5, the amount of these contributions are $1.1\% \times \text{FAR}$. FAR is your Fixed Annual Remuneration at the start of the financial year.

For members aged 65 or more, this amount reduces to $0.2\% \times \text{FAR}$.

Tax on Excess Contributions

If contributions are made which exceed these caps an additional 31.5% contributions tax will apply, which will bring the total contributions tax to 46.5%. You should note that this additional tax is payable by you, not by the Plan.

If you make concessional contributions to other superannuation arrangements, then these contributions are added to your concessional contributions to the Plan to assess whether excess contributions have been made.

Calculating your annual Concessional Contributions

Your annual concessional contributions can be estimated each year.

It is not possible to calculate this accurately until the end of the financial year, as your actual contributions have not been received by the Plan.

Example 1

A Division 5 Member under age 50 with a FAR of \$100,000 who is expected to have the following contributions made during the year:

\$14,000 Salary Sacrifice contributions which cover the minimum SG contributions plus voluntary contributions.

For this member the concessional contributions for the year will be approximately:

NTC – Cost of insurance and administration 1.1% x \$100,000	\$1,100
Salary Sacrifice Contributions	\$14,000
Other concessional contributions	Nil
Total Expected Concessional Contributions	\$15,100

Example 2

A Division 5 Member over age 50 but lower than age 65 with a FAR of \$200,000 wishes to increase her Salary Sacrifice contributions (from 1 April 2010 to 30 June 2010) so that she makes the maximum contribution. In this example, the member expects:

\$25,500 Salary Sacrifice contributions to 31 March.

For this member the concessional contributions for the year will be approximately:

NTC – Cost of insurance and administration 1.1% x \$200,000	\$2,200
Salary Sacrifice Contributions to 31 March	\$25,500
Other concessional contributions	Nil
Total Expected Concessional Contributions	\$27,700

The maximum concessional contribution limit for this member is \$50,000 for the 2009/10 year, because she is over age 50.

The member may therefore make \$22,300 in Salary Sacrifice contributions for the year, or \$7,433 per month in each of April, May and June.

Note that these calculations make assumptions about contributions for the remainder of the year. If these vary then adjustments to these monthly Salary Sacrifice contribution amounts may need to be made.

Members should seek financial planning advice to assist them with these calculations taking account of her circumstances and to make the appropriate decisions regarding the level of contributions to superannuation.

DISCLAIMER

This information has been prepared to provide a summary of the superannuation changes for the Plan, and should be read in conjunction with the brochure describing the general Simplified Super changes for the Plan. They do not represent advice, nor do they provide full details of items that are not relevant to the Plan. It should not be relied on to make financial decisions, nor should it replace advice from a suitable qualified financial advisor.