

## Tax on Super

To help you save for your retirement, the Government provides a range of tax concessions and incentives through superannuation.

This Fact Sheet is designed to help you understand the tax that is payable on super.

Super can be subject to tax on:

- Contributions (when contributions are made into your super account);
- Earnings (on the investments in super); and
- Withdrawal from Qantas Super.

For information on the tax payable on our Divisions 9 and 14 income streams, refer to our *TAX and your Qantas Super income stream* Fact Sheet.

### Key terms:

**Concessional contributions** – are super contributions made from before-tax (or pre-tax) income, and include employer Superannuation Guarantee (SG) contributions and salary sacrifice contributions.

**Non-concessional contributions** – are super contributions made from after-tax (or post-tax) income.

**Lump sum payments** – are withdrawals taken from your super or income stream account as a single one-off payment.

**Preservation age** – the age at which you can gain access to your preserved super benefits. The preservation age gradually increases from 55 years. Your preservation age depends on when you were born (refer to table below).

### Preservation age

Your preservation age – depends on when you were born	
When you were born	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

## Tax on Contributions

All concessional (before-tax) contributions including company contributions and salary sacrifice amounts are taxed at a rate of 15%.

Non-concessional (after-tax) contributions are not subject to contributions tax as income tax has already been deducted.

### Tax File Numbers

If you do not provide the Plan with your Tax File Number (TFN) your concessional contributions, will be taxed at 46.5% (including Medicare Levy of 1.5%).

The Plan is not able to accept non-concessional (after-tax) contributions from you if you have not supplied your TFN.

### Exceeding Contribution Caps

The Government has placed caps or limits on the amount you can contribute into super each financial year.

### Tax on Concessional Contributions above the cap

Any concessional contributions made above the cap will be subject to additional contributions tax at the rate of 31.5% (in addition to the 15% tax that is paid by the Plan).

Any concessional contributions made above the cap will also count towards the non-concessional contribution cap.

## Tax on Non-concessional Contributions above the cap

Any non-concessional contributions made above the cap will be taxed at the rate of 46.5%.

For a detailed explanation on contribution caps and how they are applied to contributions into super, go to our website. You'll find this information in the 'Super Facts' section under 'Contributing to Super'.

## Tax on Earnings

The investment earnings in Qantas Super are taxed at a rate of up to 15%. This tax on investment earnings is reflected in the Credited Interest Rates (CIRs) which are declared on an after-tax basis.

No tax is levied on the investment earnings of assets backing pension liabilities. This applies to members in Division 9 and Division 14, where the Credited Interest Rate is declared on a gross of tax basis. More detail about the tax on investment income for Division 9 or Division 14 members is contained in the Product Disclosure Statements.

## Tax on Withdrawals and Benefits

If you take any part of your benefit in cash after age 60, no tax will be payable.

Prior to age 60 some tax may be payable. This tax will be deducted from your benefit by the Plan.

For taxation purposes, your superannuation benefit will be divided into two parts as follows:

Component	Component Description	Tax you pay
Tax Free Component	Your crystallised (tax free) component at 1 July 2007 plus any non-concessional contributions made after 1 July 2007.	Nil
Taxable Component	The balance of your benefit	The amount of tax depends upon the age you receive the benefit: <ul style="list-style-type: none"> <li>■ If you are between your preservation age and age 60: Nil on the first \$165,000** and 16.5%* on the balance</li> <li>■ If you are age less than your preservation age: 21.5%*</li> </ul>

\* This rate includes the Medicare Levy of 1.5% and does not include the Flood Levy (see below)

\*\* This amount is the threshold for the 2011/12 income year and is indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) in increments of \$5,000 (rounded down).

## About the Flood Levy

The Flood levy will apply to all taxpayers who have a taxable income over \$50,000 in the 2011/12 financial year and will apply to certain payments made by super funds.

Qantas Super must withhold the levy from any of the following payments that we make to you from **1 July 2011 to 30 June 2012**:

- the taxable component of a benefit if you are under age 60;
- the taxable component of a death benefit paid to non-dependants for tax purposes; and
- the taxable component of any pension payments if you are under age 60 (Division 9 and 14).

The levy is calculated as follows:

Component	Component
up to \$50,000	Nil
\$50,001 to \$100,000	0.5 cents for each dollar over \$50,000
over \$100,000	\$250 plus 1 cent for each dollar over \$100,000

If the Plan pays you a lump sum benefit during 2011/2012, the Flood Levy is payable on the full amount of the taxable component.

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## Exemptions

No levy is payable by anyone who has received an Australian Government Disaster Recovery Payment in relation to a flood event in 2010/2011. If you wish to claim an exemption from paying the levy, you will need to complete a Flood Levy exemption declaration, available from the Australian Taxation Office. It is not compulsory for you to lodge an exemption declaration. You can declare your exemption status when you lodge your 2011/2012 income tax return and the ATO will credit any Flood Levy payments that were withheld during the year. For more information, visit [www.ato.gov.au/floodlevy](http://www.ato.gov.au/floodlevy)

## Tax on Disability Income Benefits

Where a temporary disability benefit is paid as an income stream, tax will be payable by the member as income tax (as if the income stream were salary).

## Tax on Death Benefits

The tax payable on a death benefit is determined by:

- who the benefit is being paid to ('Dependants' or 'Non-dependants' as defined by the Tax Act)
- the tax components and tax status of the benefit.

### Tax on Death Benefits (paid as a lump sum)

Paid To	Tax Payable*
Dependants You are a dependant of the deceased if at the time of their death you: <ul style="list-style-type: none"><li>• were their spouse or defacto spouse</li><li>• were a former spouse or former defacto spouse</li><li>• were a child of the deceased under 18 years of age</li><li>• relied on the deceased for financial maintenance at the time of death, or</li><li>• any other person with whom the deceased had an interdependency relationship** just before death</li></ul>	Nil
Trustee of the deceased estate where beneficiaries are dependants of the deceased	Nil
Non-dependant of the deceased	<ul style="list-style-type: none"><li>• Nil tax on the tax free component</li><li>• 16.5% on the taxable component*</li><li>• 31.5% on any untaxed element***</li><li>• 46.5% if the tax file number of the non-dependant is not provided</li></ul>

\* Rates include the Medicare Levy of 1.5% and does not include the Flood levy (refer above)

\*\* An interdependency relationship exists where you and another person satisfy the following four requirements at the time of your death:

1. you had a close personal relationship; and
2. you lived together; and
3. one or each provided financial support to the other; and
4. one or each provided domestic support and personal care to the other of a type and quality normally provided in a close personal relationship (other than by a friend or flatmate)

\*\*\* The portion of the death benefit which represents the insured death cover provided by the Plan is an untaxed element

## Tax on Income Streams

For information on the tax payable on our Divisions 9 and 14 income streams, refer to our *TAX and your Qantas Super income stream* Fact Sheet.

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## Need more information?

You can contact Qantas Super by:

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