

Concessional Contributions – Division 1

(Ground Staff)

Concessional contributions cap

Concessional contributions are those contributions that are made for you by the Qantas Group¹ from before-tax salary. They include employer contributions (including superannuation guarantee contributions), salary sacrifice contributions and, for some divisions, an amount called Notional Taxed Contributions (NTCs).

Concessional contributions made to your super up to the 'concessional contributions cap' are generally taxed at 15%². If your concessional contributions exceed the cap, you may pay extra tax. The concessional contributions cap is:

2016/17 Concessional contributions cap

- The concessional contributions cap for 2016/17 is \$30,000
- A higher cap of \$35,000 applies if you are turning 50 or older in 2016/17



Note: Effective 1 July 2017, the annual concessional contributions cap will reduce to \$25,000, indexed in line with AWOTE in increments of \$2,500 (rounded down). The same cap will apply regardless of age. However, from 1 July 2018 an option that may allow you to catch up on unused caps from the previous five years if your balance is less than \$500,000 will start to be phased in.

Contributions which are included

There are four types of employer contributions that count towards your concessional contributions cap. These are:

1. Your 'Notional Taxed Contributions' which represent the contributions made by the Qantas Group to the Company Account in respect of your guaranteed minimum benefits (including Deemed Contributions);
2. Contributions made by the Qantas Group into your Productivity Account;
3. Any voluntary Salary Sacrifice contributions; and
4. Any other concessional contributions.

The contributions and benefits vary between divisions of Qantas Super. If you change employment classification or move between divisions, different contributions may be counted against your concessional contributions cap.

Notional Taxed Contributions (NTC)

The NTC represents the 'contribution' that is deemed to have been made by the Qantas Group to provide defined benefits or other benefits to employees. **The NTC is a government prescribed formula as calculated by the Actuary of Qantas Super.**

In any financial year, your NTC is determined as follows:

$$\text{NTC} = 1.2 \times (\text{NCR} \times \text{Superannuation Salary less actual Member Contributions})$$

Superannuation Salary is that annual amount determined under Qantas Super's Trust Deed and Rules, which applied at the start of the financial year (ie 1 July);

Member Contributions are the non-concessional contributions made from after-tax salary to support the defined benefits during the year (excluding any voluntary Member Contributions); and

NCR is the Notional Contribution Rate for the relevant benefit class. For Division 1 Ground Staff members, the NCR is **12%**.

Adjustments to the above calculation are made in certain circumstances. For example, the above calculation is pro-rated if you work part time, cease employment or transfer between divisions of Qantas Super during the year.

It is important to note that these calculations are based on the Actuary's current calculations and may be recalculated in the future.

Grandfathering of NTCs

For members of defined benefit divisions, grandfathering provisions apply. Provided you meet eligibility criteria set by the Government, this means your NTCs will be capped at the concessional contributions cap applicable to your age (even if the NTC formula produces a higher amount) and you will not have to pay extra tax on these contributions.

For example, if your NTCs are equal to \$35,000 and your limit is only \$30,000, the NTCs will be set to \$30,000 (and no additional tax will be payable on the extra \$5,000). However, in this example, if you have made other concessional contributions into Qantas Super (eg voluntary Salary Sacrifice contributions), you would exceed your limit and subsequently pay tax on those contributions.

¹ Qantas Airways Limited and associated employers

² An additional 15% tax will apply to individuals with combined earnings and concessional contributions exceeding \$300,000 in the 2016/17 income year and exceeding \$250,000 in subsequent income years.

Calculating your total concessional contributions

Your annual concessional contributions can be estimated each year. However, it is not possible to calculate your **actual** annual concessional contributions until the end of the financial year (when all your contributions have been received by Qantas Super).

Example

A Division 1 Ground Staff member with a Superannuation Salary of \$100,000 is **expected** to have the following contributions (in addition to contributions made to the Company Account and Deemed Contributions) made during the year:

- \$3,000 contributions made by the Qantas Group to the Productivity Account
- \$5,000 after-tax Member Contributions
- \$5,000 voluntary Salary Sacrifice contributions
- Nil other concessional contributions.

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

Notional Taxed Contributions	
1.2 x (12% x \$100,000 – \$5,000)	\$8,400
plus Productivity Account contributions	\$3,000
plus voluntary Salary Sacrifice contributions	\$5,000
plus other concessional contributions	Nil
Total expected concessional contributions	\$16,400

Tax on contributions above your cap

If your total annual concessional contributions exceed your cap, the Australian Taxation Office (ATO) will include the amount above your cap in your assessable income and apply tax at your marginal tax rate (subject to a 15% tax offset to account for the contributions tax payable on the contributions within the super fund). Interest will also be charged to you by the ATO for any excess concessional contributions that increase your tax liability for the relevant financial year to account for the deferred payment of tax on these monies.

In certain circumstances, you may also have the option to withdraw any excess concessional contributions (less any contributions tax) from your account. Subject to legislative requirements and upon request, Qantas Super will transfer the excess concessional contributions (less any contributions tax) to the ATO to include the gross amount of the excess concessional contributions in your assessable income. The net amount (if any) will then be refunded to you through the issue of an amended income tax assessment.

Note: Unless withdrawn in this way, any excess concessional contributions will also count against the non-concessional contributions cap. If you'd like more information on the non-concessional contributions cap, please read the **Tax on Super** fact sheet available on our website or call us on **1300 362 697**.

Monitoring your contributions

If you make concessional contributions to other super funds, then these contributions are added to your concessional contributions in Qantas Super to assess whether you have exceeded your cap – this calculation is done by the ATO.

You are responsible for monitoring the level of concessional contributions made to your super. Neither the Trustee nor your employer can do this on your behalf. Qantas Super can accept contributions above the caps.

Timing of your contributions can also be important. Contributions are counted towards the cap in the year in which they were credited to your super account.

Contact us

-  **Phone**
1300 362 967 (within Australia)
+61 3 8687 1866 (outside Australia)
-  **Fax**
+61 3 9245 5827
-  **Postal address**
Qantas Superannuation Plan
GPO Box 4303, Melbourne VIC 3001
-  **www.qantassuper.com.au**

The information in this document is of a general nature and is not intended to constitute personal financial product advice as it has not been prepared taking account of your objectives, financial situation or needs. In addition, the information contained in this document is generic and may not be applicable to members across all divisions. We recommend that before acting on any information contained in this document, you consider its appropriateness and seek financial advice tailored to your personal circumstances from a licensed financial adviser.

Issued by Qantas Superannuation Limited ABN 47 003 806 960 AFSL 288330 (Trustee, we, our, us) as trustee for the Qantas Superannuation Plan ABN 41 272 198 829 (Qantas Super). April 2017