

Concessional contributions – Division 5

What are concessional contributions?

Concessional contributions are those superannuation contributions that are made for you by the Qantas Group¹ and any other contributions made from before-tax salary. They include:

- Employer contributions, including Superannuation Guarantee contributions;
- Salary Sacrifice contributions;
- Insurance premiums and administration fees paid by the Qantas Group on your behalf; and
- Any other concessional contributions.

The contributions and benefits vary between divisions of Qantas Super. So if you change employment classification or move between divisions, different contributions may be included as concessional contributions.

Concessional contributions cap

Concessional contributions are paid into your super from before-tax salary. While you don't pay income tax on these contributions, contributions tax of 15%² is charged on concessional contributions that go into your super. Because you may get a tax advantage by putting money into your super from before-tax salary, the Government limits the amount that can be paid into your super and taxed at this lower contributions tax rate. This limit is called the **concessional contributions cap**.

2018/19 Concessional contributions cap

The concessional contributions cap for 2018/19 is **\$25,000**.

This cap is indexed each year in line with AWOTE in increments of \$2,500, rounded down.

From 1 July 2018 if you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the concessional contributions cap and make additional concessional contributions for any unused amounts. The first year you can carry forward unused amounts is the 2019/20 financial year. Unused amounts are available for a maximum of five years.

What's this about?

- It's important you monitor your concessional contributions cap
- Exceeding your cap means higher tax
- Find out what amounts count towards your cap
- Need help? Call us

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 Australian Taxation Office (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 cap.

The 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.

Any contributions over your concessional contributions cap will also count towards your non-concessional (after-tax) contributions cap.

If you'd like more information on the non-concessional contributions cap, please refer to the Tax on Super fact sheet available on our website, www.qantassuper.com.au.

What happens if I exceed my cap?

If your concessional contributions exceed your cap, then the amount above your cap will be taxed at your marginal tax rate.

The ATO will include any concessional contributions made in excess of the 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 – see the 'Concessional contributions cap' section). 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; this is to account for the deferred payment of tax on these monies.

You may also have the option to withdraw any excess concessional contributions (less any contributions tax) from your account. 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.

¹ Qantas Airways Limited and associated employers.

² An additional 15% tax will apply to individuals with combined earnings and concessional contributions exceeding \$250,000 in the 2018/19 income year.

Calculating your insurance premiums and administration fee

For Division 5 members, insurance premiums and administration fees are paid on your behalf by the Qantas Group. Legislation requires that such amounts paid by the Qantas Group be counted as part of your concessional contributions. For 2018/19, this is calculated as:

Type of fee or insurance premium	Amount counted as a concessional contribution
Administration fee	0.34% ^{1,2} x Fixed Annual Remuneration plus 0.01% ² x account balance (APRA fee) ³
Insurance premiums for Standard Cover for death and TPD (total and permanent disablement)	Premium rate A ⁴ x (amount of cover you have for death and TPD ⁵ ÷ 1,000)
Insurance premiums for Standard Cover for income protection	Premium rate B ⁶ x (amount of cover you have for income protection ⁵ ÷ 1,000)

¹ Calculated based on your Fixed Annual Remuneration on 1 July 2018 and capped at \$1,200 each year.

² This rate is effective 1 July 2018 and may change over time. We will notify of you of any changes as required by law.

³ APRA is the Australian Prudential Regulatory Authority. This rate represents a contribution to the annual levy paid by Qantas Super to APRA. Calculated on your account balance at 1 July 2018.

⁴ See Table A on page 3 to calculate the rate that applies to you.

⁵ Refer to your most recent Annual Statement to determine the amount of your Standard Cover for death, TPD and income protection.

⁶ See Table B on page 3 to calculate the rate that applies to you.

For more information on your insurance, including eligibility criteria and how to calculate the amount of your insurance cover, please refer to the member disclosure documents for Division 5. These documents also contain information about the conditions and exclusions that are applicable, as well as your entitlement to insurance cover. These documents are available on our website or by calling the Qantas Super Helpline.

Calculating your concessional contributions for the year

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

An example of how concessional contributions for 2018/19 in Qantas Super will be calculated is shown in the next column.

Remember, you need to add any concessional contributions made to other super funds to the amount in Qantas Super when monitoring contributions against your cap.

Example for 2018/19

A Division 5 Member:

- At the beginning of the financial year on 1 July 2018:
 - has a Fixed Annual Remuneration of \$100,000;
 - is 45 years of age at their next birthday;
 - has Standard Cover for death and TPD of \$315,000 and for income protection of \$75,000 pa; and
 - has an account balance of \$120,000.
- For the 2018/19 financial year, has Superannuation Guarantee contributions of \$9,500, voluntary Salary Sacrifice contributions of \$9,000, and no other concessional contributions made to Qantas Super

The concessional contributions that would be reported to the tax office for 2018/19 are:

Before-tax contributions	
Superannuation Guarantee (SG)	\$9,500
Voluntary Salary Sacrifice	+ \$9,000
Other concessional contributions	Nil
Total before-tax contributions	= \$18,500
Fees and insurance premiums paid by the Qantas Group	
Administration fee	
= (0.34% x \$100,000) + (0.01% x \$120,000)	\$352.00
plus	
Insurance premiums	
= (\$1.16 x 315,000 ÷ 1,000) + (\$3.29 x \$75,000 ÷ 1,000)	+ \$612.15
Total fees and insurance premiums paid by the Qantas Group	= \$964.15
Total concessional contributions for the year	= \$19,464.15

Premium rates used for calculating your insurance premiums

Table A

Premium rate A is a rate for your Standard Cover for death and TPD, based on your age as follows:

Age next birthday	Premium rate for death and TPD	Age next birthday	Premium rate for death and TPD
16	\$0.22	41	\$0.76
17	\$0.26	42	\$0.83
18	\$0.30	43	\$0.90
19	\$0.32	44	\$1.02
20	\$0.34	45	\$1.16
21	\$0.36	46	\$1.31
22	\$0.37	47	\$1.48
23	\$0.37	48	\$1.68
24	\$0.38	49	\$1.88
25	\$0.39	50	\$2.12
26	\$0.36	51	\$2.39
27	\$0.38	52	\$2.70
28	\$0.38	53	\$3.05
29	\$0.39	54	\$3.42
30	\$0.40	55	\$3.85
31	\$0.41	56	\$4.32
32	\$0.42	57	\$4.87
33	\$0.43	58	\$5.48
34	\$0.46	59	\$6.02
35	\$0.49	60	\$6.61
36	\$0.51	61	\$7.25
37	\$0.55	62	\$7.95
38	\$0.59	63	\$8.73
39	\$0.64	64	\$9.72
40	\$0.70	65	\$10.81 (cover ceases on your 65th birthday)

Table B

Premium rate B is a rate for your Standard Cover for income protection, based on your age as follows:

Age next birthday	Premium rate for income protection
16 to 36	\$1.62
37 to 41	\$2.06
42 to 46	\$3.29
47 to 51	\$5.75
52 to 56	\$11.06
57 to 61	\$22.95
62 to 66	\$24.97 (cover ceases on your 65th birthday)

The rates in the tables above have been actuarially determined, and are inclusive of any applicable stamp duty.

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