

Tax on Super

What's this about?

- Saving for retirement is important
- The Federal Government provides tax concessions to help you save
- Tax may be payable on contributions, earnings, withdrawals, and insurance payments
- Need help? Call us


This fact sheet is a summary of how Australian taxation legislation may apply to your account in Qantas Super.

To help you save for your retirement, the Federal Government provides a range of tax concessions. In super, tax may be payable on:

1. **Contributions** (when amounts are paid into your super account);
2. **Earnings** (on your super investments);
3. **Withdrawals** from your super; and
4. **Income protection payments** and **Death benefits**.

For information on tax payable on a Qantas Super Income Account, refer to our Tax on your Income Account in Gateway fact sheet.

The tax rates and amounts specified in this fact sheet are current at the date of preparation. Different rates and amounts may have applied in previous years and the rates and amounts are subject to change in the future.



1 Tax on Contributions

The tax payable on contributions depends on the type of contribution made to your super.

Type of contribution	Tax payable
Concessional (before-tax) contributions Includes employer contributions and any contributions made from before-tax salary (salary sacrifice)	Amounts (under the cap – see below) are generally taxed at a rate of 15%. If you do not provide Qantas Super with your Tax File Number (TFN), your concessional contributions will be taxed at 49% (including Medicare Levy of 2%). An additional 15% tax will apply to individuals with combined earnings and concessional contributions exceeding \$250,000.
Non-concessional (after-tax) contributions	No tax is paid on amounts under the non-concessional contributions cap. Qantas Super is not able to accept non-concessional contributions from you if you have not supplied your TFN.

Contribution caps

The Government has set limits, called contribution caps, on the amount of concessional and non-concessional contributions you can make into super. If you exceed these limits you may pay additional tax.

Contribution type	Contributions cap
Concessional contributions cap	The concessional contributions cap for the 2017/18 year is \$25,000 Unless withdrawn, any concessional contributions made above the cap will also count against your non-concessional contributions cap. 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.
Non-concessional contributions cap	For 2017/18, the non-concessional contributions (NCC) cap is \$100,000. If you are under 65 on 1 July in a financial year, and your NCCs exceed the annual cap, you will trigger an aggregation of your cap for that year and the following two years. Effective 1 July 2017, the annual non-concessional contributions cap was reduced to \$100,000 (indexed). This reduced the three-year aggregation limit to \$300,000 (indexed) for non-concessional contributions made from 1 July 2017. A blended three-year aggregated cap will apply where non-concessional contributions that count towards that cap are made both before and from 1 July 2017. For example, if you make a \$250,000 contribution in 2016/17 that triggers the three-year aggregated cap, you would be able to make a further \$130,000 of non-concessional contributions in 2017/18 and 2018/19 (ie a total of \$380,000). However, individuals whose total superannuation balances (including the balances of a Super Account and Income Account in the case of Qantas Super) exceed \$1.6 million cannot make further NCCs from 1 July 2017.

Exceeding your contribution caps

If you exceed the...	What happens if you exceed the cap
Concessional contributions cap	<p>The Australian Taxation Office (ATO) will include any concessional contributions made in excess of the cap in your assessable income and apply tax at your marginal tax rate (less a 15% tax offset for the contributions tax payable within the super fund).</p> <p>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.</p> <p>You may also have the option to withdraw, via the ATO, any excess concessional contributions (less the 15% contributions tax) from your account. Upon request in the approved form, Qantas Super will transfer the excess concessional contributions (less the 15% contributions tax) to the ATO. You will be refunded this amount net of any tax you owe through the issue of an amended income tax assessment.</p> <p>Unless withdrawn in this way, any concessional contributions in excess of the cap will also count against the non-concessional contributions cap.</p>
Non-concessional contributions cap	<p>No tax is paid on non-concessional contributions under the cap. Any amounts above the cap will be taxed at a rate of 49% (including Medicare Levy of 2%). This tax is payable by you, and you must withdraw this amount from your super account to pay the tax.</p> <p>Alternatively, you may have an option to withdraw the excess. In that case you will be also required to withdraw an amount of imputed earnings on which you will be taxed.</p>

2 Tax on Earnings

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

3 Tax on Withdrawals

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

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

For tax purposes, your super is 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	<p>The amount of tax depends upon your age when you receive the benefit. For 2017/18, if you are:</p> <ul style="list-style-type: none"> — age 60 and over. Generally you won't pay tax on withdrawals from your account. — aged between your preservation age and 60. The first \$200,000¹ of your taxable component is tax free. Amounts of the taxable component above this limit are taxed at up to 17%². — under your preservation age. The full taxable component is taxed at 22%². <p>If you are under age 60 and have not provided your TFN, tax on the taxable component of your super will be withheld at the highest marginal tax rate plus Medicare levy, currently a combined rate of 49%.</p>

¹ Indexed in line with AWOTE in increments of \$5,000 (rounded down) and reduced by the taxable components of lump sum amounts previously received from Qantas Super or another fund since reaching preservation age.

² This rate includes the Medicare Levy which is currently 2%.

There is generally no tax payable if your benefit is paid to you due to a Terminal Medical Condition.

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

4 Tax on Income Protection Payments and Death Benefits

Tax on Income Protection Payments

Income protection benefits are paid as a monthly income payment. These payments are treated as if they were income (salary) and hence are taxed at personal tax rates.

Tax on Death Benefits

Death benefits paid to dependants (as defined under tax laws) as a lump sum are tax-free. Death benefits paid to a non-dependant (**under tax laws**) may be subject to tax of up to 32% (including the Medicare levy).

Note: An adult child is not a 'dependant' for these tax purposes unless the child is actually dependent on you at the time of your death (e.g. dependent on financial support) or otherwise in an interdependency relationship with you.

Tax will generally be withheld at the rates shown in the table below:

Paid to	Tax-free component	Taxable component
Dependant (for these tax purposes)	Nil	Nil
Non-dependant (for these tax purposes)		15% ¹ tax plus Medicare levy, currently 2% ² .

¹ Tax on a portion of the taxable component paid to a non-dependent may need to be withheld at 32%.

² Some higher income taxpayers and families without qualifying private hospital insurance cover also pay a Medicare levy surcharge. Some taxpayers do not pay Medicare levy or pay it only at a reduced rate.

If some or all of your death benefit is paid to your legal personal representative, the tax payable will depend on who the benefit is ultimately paid to (a dependant or non-dependant under tax laws). The appropriate tax is a matter for your legal personal representative to determine. Qantas Super is not required to withhold tax from lump sums paid to a legal personal representative.

The tax-free and taxable components of a death benefit before adding any anti-detriment payment (described below) are paid proportionately from your account. Any anti-detriment payment is added solely to the taxable component.

Anti-detriment payments

Where a lump-sum benefit is to be paid to certain eligible dependant(s), the Trustee may pay an additional amount known as an 'anti-detriment payment'. This payment is intended to increase the death benefit to what it would have been if contributions tax (of up to 15%) had not been paid on the taxable contributions. An anti-detriment payment is only made where a death benefit is paid to an eligible dependant.

Anti-detriment payments are being abolished and are not payable where either the death occurs on or after 1 July 2017 or the payment occurs on or after 1 July 2019.

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