

## What are Salary Sacrifice Contributions?

Salary sacrifice contributions are contributions from your pre-tax salary that you can voluntarily make in addition to your regular fortnightly MilitarySuper contributions. You can contribute each fortnight and 15% tax is deducted when received by MilitarySuper. Once paid, you can't get them back until the benefit becomes payable.

## Who is eligible to make Salary Sacrifice Contributions?

To be able to make salary sacrifice contributions you must be a current contributing MilitarySuper Member. You cannot make salary sacrifice contributions if you are a Preserved Benefit Member.

## What do I get?

You will get another benefit in addition to your member and employer MilitarySuper benefit. This benefit is only payable as a lump sum, not as a pension.

The benefit comprises the contributions you paid and Fund investment returns less any applicable tax.

Investment returns may be negative from time to time and as a consequence the value of the benefit will rise and fall. It is therefore possible that the benefit might be less than the amount you contributed, particularly over a shorter term.

The benefit is subject to tax when it becomes payable, at the same concessional rates that apply to other superannuation benefits.

## Contribution Limits

There is a cap on the amount of concessional contributions you can pay into your superannuation without incurring additional tax. Concessional contributions include salary sacrifice amounts and employer (Productivity) contributions. The limit across all your superannuation funds is:

- maximum \$25 000 per year or
- a transitional concessional contributions cap of \$50 000 (not indexed) applies during the period 2009-10 to 2011-12 for those who were aged 50 years or older, as at 01 July 2007. From 1 July 2012 the \$25,000 cap (indexed) will apply to all Members

If you reach the limit that applies to you, the Australian Tax Office will notify you.

Concessional contributions above the caps will be taxed at the top marginal tax rate (plus the Medicare levy). Concessional contributions above the caps will be counted towards your non-concessional contributions cap.

## How do I pay them?

You will need to make arrangements with SmartSalary, the salary sacrifice provider that has been appointed by the Department of Defence for ADF members, to deduct them from your pre-tax salary. The SmartSalary Customer Service Centre, which is open from 8:30am to 5:30pm Eastern Standard Time Monday to Friday, can be contacted on 1300 476 278. The salary sacrifice amounts will be forwarded directly to MilitarySuper through your payroll system.

## How are they invested?

Salary sacrifice contributions are held within your MilitarySuper account and are invested in the same strategy or combination of strategies as your regular member contributions. Changes in your Investment Strategy automatically include these contributions.

## When can I get the benefit?

Generally, the benefit cannot be paid until you permanently retire from the workforce after reaching your preservation age. This may be different to the date you can claim your MilitarySuper benefit.

Your preservation age is based on your date of birth, as shown in the following table:

Date of birth	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 1964—30 June 1964	59
After 30 June 1964	60

All or part of the benefit may be paid to you earlier in the following circumstances, provided you have left the Defence Force:

- if you become totally and permanently incapacitated
- on severe financial hardship grounds
- on compassionate grounds.

You can also claim the benefit if you cease or change employment after reaching age 60. The benefit must be paid out of MilitarySuper when you reach age 65.

In the event of your death, the benefit will be paid to:

- your dependants,  
or
- a dependent person(s) you nominated in writing and included in your will,  
or
- your estate.

## Can I rollover the benefit?

You can rollover this benefit at any time, even before you leave the Defence Force. Note that access to the benefit from the rollover institution will be subject to the same preservation conditions as outlined above.

## What else could I pay?

Salary Sacrifice contributions are one of a range of voluntary contributions (collectively called 'ancillary contributions') you can now pay. Separate fact sheets are also available for:

- Additional Personal Contributions
- Transfer Amounts
- Spouse Contributions

## Does this count towards my Maximum Benefit Limit (MBL)?

It should be noted that none of the various Ancillary Benefits which includes salary sacrifice contributions are used when assessing whether you have reached your MBL under the MSB legislation.

## If you need more information

Phone: Customer Service Centre 1300 006 727  
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