

# Taxation of contributions - caps on contributions

**Military  
Super**

AFSL: 238395  
ABN: 50 925 523 120  
Board ABN: 72 406 779 248

MS21 - May 2010

From 1 July 2007, superannuation contributions are subject to contributions caps. The cap depends on the type of contribution made. Contributions made above the caps incur additional tax.

There are two types of contribution caps, one for non-concessional contributions and one for concessional contributions. Each is explained below.

## Non-concessional contributions

These are contributions that you pay from your after tax salary, these are contributions for which you have not claimed a tax deduction.

Type of non-concessional contributions.

### 1. Member contributions

As a MilitarySuper contributing Member, you must make Member contributions at the rate of 5% every fortnight unless you have elected to cease contributing because you have reached your lump sum Maximum Benefit Limit (MBL) or your contributions have ceased because you have reached your pension MBL. You may also make additional Member contributions above 5%, up to 10%.

### 2. Additional personal contributions

Additional personal contributions are contributions you can voluntarily make in addition to your regular MilitarySuper contributions.

### 3. Co-contributions

Government co-contributions will not be included in the non-concessional contributions cap.

### 4. Transfer Amounts

Amounts transferred into MilitarySuper from other superannuation funds (rollovers) will not count towards the non-concessional contribution cap.

### 5. Spouse contributions

Please note that contributions to your spouse's superannuation will count towards their contributions limit.

If MilitarySuper does not have your Tax File Number (TFN), we will not be able to accept your non-concessional contributions.

## What is the contribution cap for non-concessional contributions?

The contributions cap on the amount of non-concessional contributions you can make without incurring additional tax across all your superannuation funds is a:

- maximum \$150,000 per year, or
- maximum \$450,000 over 3 years for Members under 65.

For example, \$300,000 in year 1, \$100,000 in year 2 and \$50,000 in year 3.

Your non-concessional contributions up to the caps can be paid in tax free. **Contributions above this cap will be taxed at the top marginal tax rate (plus Medicare levy).**

## Concessional contributions

These are contributions made by your employer on your behalf, for which your employer can claim a tax deduction.

Type of concessional contributions.

### 1. Salary sacrifice contributions

You can make salary sacrifice contributions into MilitarySuper. Salary sacrifice contributions are treated in the same way as employer contributions for tax purposes (that is, they are taxed at 15% when they are paid into the fund). Retention bonuses contributed to MilitarySuper are also classed as salary sacrifice contributions.

### 2. Productivity contributions

In MilitarySuper your employer makes productivity contributions on your behalf. They are taxed at 15% when entering the fund.

Your concessional contributions will be taxed at the top marginal tax rate at the end of each financial year if we do not have your TFN.

Customer Service Centre

1300 006 727

**FACT SHEET**

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## What is the contribution cap for concessional contributions?

There is a cap on the amount of concessional contributions you can pay into your superannuation without incurring additional tax. 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 aged 50 years or older. From 1 July 2012 the \$25 000 cap (indexed) will apply to all Members.

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

## What else do I need to know about the contributions limits?

The concessional contribution cap is indexed to Average Weekly Ordinary Time Earnings (AWOTE) but the increase will only occur in increments of \$5,000. This means that the cap may not change yearly, but over some longer period. Any changes will be published on the MilitarySuper website [www.militarysuper.gov.au](http://www.militarysuper.gov.au).

The non-concessional contribution cap is three times the concessional cap as varied from time to time.

If you are approaching either your non-concessional or your concessional contributions caps you will also need to take into account that it is compulsory for you to continue to make Member contributions at the rate of 5% unless you have reached your MBL (see above).

Further information about the tax consequences of contributions made to superannuation funds is available from the ATO website [www.ato.gov.au](http://www.ato.gov.au).

## If you need more information...

Phone: Customer Service Centre 1300 006 727  
Fax: (02) 6272 9617  
Website: [www.militarysuper.gov.au](http://www.militarysuper.gov.au)  
Email: [Members@enq.militarysuper.gov.au](mailto:Members@enq.militarysuper.gov.au)  
Post: PO Box 22  
Belconnen ACT 2616  
Visit Unit 4 Cameron Offices  
Chandler Street Belconnen  
ACT 2617  
SPIN: CMS0103AU

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