



# Concessional Contributions in the Accumulation Scheme

## What are Concessional Contributions?

Concessional Contributions are contributions that are paid by your employer. These contributions are generally paid to meet certain obligations such as the Superannuation Guarantee or could be part of an Award. Salary Sacrifice contributions paid on your behalf by your employer and any personal contributions that are allowed as an income tax deduction are also classed as Concessional Contributions.

Once these contributions are received, they are taxed at 15% by the superannuation scheme.

## What is the Concessional Contributions Cap?

Caps apply to contributions made to your superannuation scheme for a financial year. Any super contributions made over the Cap amount are subject to extra tax. The current Concessional Contributions Cap amount is \$25,000 per person per financial year. A transitional Cap of \$50,000 per person per financial year is available each year up to the 2011/2012 financial year to people who are at least 50 years old at the end of the financial year to which the contributions relate. This means that Concessional Contributions for a financial year totalling up to this amount will be taxed at the rate of 15%. Amounts in excess of the Cap amount will be taxed at 46.5% (an additional 30% plus the 1.5% Medicare Levy on top of the 15% paid by the Scheme).

Each year all superannuation providers report to the Australian Taxation Office (ATO) all Concessional Contributions received during the year. Based on this information as well as information from your income tax return, the ATO will assess if your total Concessional Contributions are in excess of the Cap amount and if so, will issue you with a notification for the additional tax on the amount over the Cap. You can pay this additional tax amount yourself, or instruct your superannuation provider to deduct this from your account.

The Concessional Contributions Cap of \$25,000 is indexed to Average Weekly Ordinary Time Earnings (AWOTE) in \$5,000 increments.

It is important to note that if you have Concessional Contributions being paid into another superannuation fund from a second job, these amounts will also contribute to your Concessional Cap as this is a total amount not a per fund amount.

Your excess Concessional Contributions also count towards your Non-concessional Contributions Cap.

Non-concessional Contributions are any after-tax contributions to a superannuation fund. For 2009/2010 the limit is \$150,000 p/a or \$450,000 over a consecutive 3 year period.

Members should be aware that it is not the Scheme's responsibility to determine whether or not a member has exceeded the Cap. Members should carefully monitor their Concessional Contributions so as to avoid exceeding the Cap.

## More information

If you would like to discuss any of this information or would like further details, please call Member Services on 1300 369 901.

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