

# EISS Super

## How Super Works | 1 October 2020

The information in this document forms part of the EISS Super PDS dated 1 October 2020.

### Making contributions

In addition to the compulsory Superannuation Guarantee (SG) contributions that your employer makes on your behalf, there are a number of other contributions that can be made to boost your superannuation savings. The table below sets out the rules about how you and your employer can pay contributions to your superannuation account.

We can also accept rollovers or transfers from other complying superannuation funds, approved deposit funds, eligible rollover funds, rollovers from the Australian Taxation Office (ATO) Superannuation Holding Accounts Special Account (SHASA) which excludes SG, rollovers or transfers from other complying super funds as a result of SuperMatch, as well as super split amounts resulting from a Family Law settlement or order and super lump sum payments.

#### Types of contributions

Your age	Employer contributions	Other contributions
Under 67	Permitted at all times: <ul style="list-style-type: none"> <li>SG contributions</li> <li>Award contributions<sup>1</sup></li> <li>Voluntary employer contributions</li> <li>Salary sacrifice contributions</li> </ul>	Permitted at all times: <ul style="list-style-type: none"> <li>Personal contributions</li> <li>Spouse contributions<sup>2</sup></li> </ul> Permitted from age 65: <ul style="list-style-type: none"> <li>Downsizer contributions<sup>4</sup></li> </ul>
67-74	Permitted at all times: <ul style="list-style-type: none"> <li>SG contributions</li> <li>Award contributions<sup>1</sup></li> </ul> Permitted subject to the work test <sup>3</sup> <ul style="list-style-type: none"> <li>Voluntary employer contributions</li> <li>Salary sacrifice contributions</li> </ul>	Permitted at all times: <ul style="list-style-type: none"> <li>Downsizer contributions<sup>4</sup></li> </ul> Permitted subject to the work test: <sup>3</sup> <ul style="list-style-type: none"> <li>Personal contributions</li> <li>Spouse contributions<sup>2</sup></li> </ul>
75 or over	Permitted at all times: <ul style="list-style-type: none"> <li>SG contributions</li> <li>Award contributions<sup>1</sup></li> </ul>	Permitted at all times: <ul style="list-style-type: none"> <li>Downsizer contributions<sup>4</sup></li> </ul>

1 Award contributions are contributions made by your employer pursuant to a certified agreement or an award made on or after 1 July 1986 by an industrial authority. If this applies to you, we can accept those contributions and you do not have to meet the work test.

2 The receiving spouse instead of the contributing spouse must meet age requirements and be under age 75. If the receiving spouse is between age 67-74 they must meet the work test requirements.

3 To meet the work test you must have been employed or self-employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

4 You must be age 65 or older to make a downsizer contribution. Please refer to page 3 of this document for more information.

## Concessional (before tax) contributions

Concessional (before tax) contributions include SG contributions, award contributions, salary sacrifice contributions and any contributions for which you intend to claim a tax deduction. These contributions are taxed at 15% when allocated to your account.

The concessional contribution cap is \$25,000 per financial year for all individuals regardless of your age. If you exceed this cap, the excess is included in your income tax return and taxed at your marginal tax rate less an offset of 15% for tax already paid.

You can have up to 85% of the excess amount refunded or retain the amount in your account. If you retain the excess amount in your account, it will count towards your non-concessional contributions cap (please refer to the 'Non-concessional (after-tax) contributions' section below). You may also incur an excess interest charge.

If you have made contributions to other super funds through the financial year they will also count towards the concessional contributions cap. The limit is applied per person not per super fund account. The ATO will calculate whether you have excess concessional contributions and inform you of your options. Please refer to the ATO website for further details.

Some contributions, such as transfers from overseas funds and the proceeds from selling a business, are subject to different caps and tax.

We recommend that you consider seeking professional advice if you think your concessional contributions may exceed the relevant cap or need more information about what strategies are right for you.

## Unused concessional contributions cap carry-forward

You may be able to increase your concessional contributions in a financial year by applying previously unused concessional contribution cap amounts. The following rules apply:

- since 1 July 2018, unused concessional contribution cap amounts could be accrued;
- you can access carry forward unused cap amounts if your total super balance was less than \$500,000 on 30 June of the previous financial year; and
- you can carry forward unused cap amounts for up to five (5) financial years.

For more information about concessional contributions and the cap, please refer to the 'Contribution Caps' fact sheet at [eisuper.com.au/factsheets](https://eisuper.com.au/factsheets).

## Non-concessional (after-tax) contributions

Non-concessional (after tax) contributions include personal and spouse contributions. These contributions are not taxed when allocated to your account. There is a cap on the amount of non-concessional contributions you can make in a financial year.

You can generally contribute up to the annual non-concessional contribution cap of \$100,000 if your total super balance (across all super and pension accounts) at 30 June of the previous financial year is less than the general transfer balance cap (currently \$1.6 million).

If you are under age 65, you may be able to 'bring forward' up to three years of non-concessional contributions<sup>1</sup>.

Once you are over age 67 you need to satisfy the work test, however you cannot bring forward future contributions.

The table below outlines the 'bring forward' rules for the 2020/21 financial year.

### Total balance held in super and pension accounts

Total balance on 30 June 2020	Maximum Non-concessional contributions cap for the first year	Bring-forward period
< \$1.4m	\$300,000	3 years
\$1.4m to < \$1.5m	\$200,000	2 years
\$1.5m to < \$1.6m	\$100,000	None
\$1.6m	Nil	n/a

If you exceed this cap, you can elect to have the excess amount refunded and 85% of any associated earnings. The full amount of associated earnings will be added to your assessable income and taxed at your marginal tax with a 15% tax offset.

If you choose not to have the excess refunded then the excess will be taxed at the highest marginal tax rate which is currently 47% (this includes the 2% Medicare levy).

<sup>1</sup> There are changes proposed to the 'bring forward' rules as part of the 2019/20 Federal Budget measures which are subject to pending legislation, yet to be released.

## Spouse contributions

To make a spouse contribution, the receiving spouse needs to be:

- under age 67; or
- aged 67 to 74 and meet the work test (at least 40 hours over 30 consecutive days).

The contributor may be eligible to claim a tax offset for a non-working or low-income-earning spouse, whether married or de facto.

The maximum allowable tax offset in any given year is 18% of \$3,000 or \$540. The tax offset starts to reduce where your spouse's assessable income is more than \$37,000, and cuts out when income reaches \$40,000 per year.

The calculation of the rebate considers both the spouse's assessable income and the actual contribution.

The receiving spouse must also meet the non-concessional contribution cap.

## Contribution splitting for concessional contributions

Contribution splitting allows you to transfer concessional contributions made during the year to your spouse's super account (if eligible).

Contributions can be split after the end of the financial year in which they were made and only in that financial year. The maximum amount of contributions which can be split is the lesser of:

- 85% of the concessional (before tax) contributions for that financial year; and
- the concessional contributions cap for that financial year.

To split your contributions with your spouse, please complete the 'Contribution splitting' form available at [eisuper.com.au/forms](https://eisuper.com.au/forms) or by contacting us.

You should obtain financial advice before making a decision to split your contributions.

## Government co-contributions

If you are a low or middle income earner and make personal (after-tax) contributions to your super fund, the government also makes a contribution (called a co-contribution) up to a maximum amount of \$500. The amount of government co-contribution you receive depends on your income and how much you contribute.

When you lodge a tax return, the ATO will work out if you're eligible. If we have your tax file number the ATO will pay it to your super account automatically.

You will be eligible for a Government co-contribution for the 2020/21 financial year if you:

- have a total income of less than \$54,837 (including assessable income, reportable employer super contributions and fringe benefits);
- earn 10% or more of your total income from eligible employment and/or running a business;

- are a permanent resident under 71 years of age at the end of the financial year;
- have supplied us with your tax file number (TFN);
- lodge your tax return;
- have not exceeded your non-concessional contributions cap in the relevant financial year; and
- the total amount held by you across all super and pension accounts is less than \$1.6 million.

## Downsizer contributions

If you have sold your primary residence and you are age 65 or older, you may be able to make a downsizer contribution into super of up to \$300,000 from the sale proceeds of your home. Further, if you have a spouse they can also contribute up to \$300,000.

For further information including eligibility requirements and how to contribute, please refer to the 'Downsizer Contributions' fact sheet at [eisuper.com.au/factsheets](https://eisuper.com.au/factsheets).

## Low income super tax offset (LISTO)

The government will provide a superannuation contribution of up to \$500 annually for individuals on an adjusted taxable income of up to \$37,000.

Where an individual makes or receives concessional contributions, the Government offsets the 15% tax paid on these contributions up to a maximum of \$500 in the financial year. If the amount payable is less than \$10, the payment will be rounded up to \$10.

If you are eligible for a LISTO, the ATO will apply the amount directly to your super account unless you have reached your preservation age and have retired, or you're aged 65 and over in which case you may be eligible to have the LISTO paid directly to you from the ATO.

For further information including eligibility requirements, please refer to the 'Low Income Super Tax Offset (LISTO)' fact sheet at [eisuper.com.au/factsheets](https://eisuper.com.au/factsheets).

## First Home Super Saver (FHSS) Scheme

The FHSS Scheme allows you to save money inside your super fund to help purchase your first home. By taking advantage of the concessional tax treatment within super, first home buyers can save for their home deposit faster.

An individual can release voluntary contributions of up to a maximum of \$15,000 from one financial year and up to a total of \$30,000 across years (net of tax, plus earnings).

Since 1 July 2017 voluntary contributions that are made including both concessional (before-tax) and non-concessional (after-tax) contributions are eligible for release under the FHSS Scheme.

To qualify for the scheme, you must:

- be 18 years or older;
- have never owned property in Australia such as an investment property, a long-term lease of land or commercial property;
- have not previously released FHSS funds (i.e. can only access once);

- either live or intend to live in the property you are buying as soon as practicable; and
- intend to live in the property for at least 6 months of the first 12 months that you own it.

For additional information including how to access your savings, please refer to the 'First Home Super Saver (FHSS) Scheme' fact sheet at [eisuper.com.au/factsheets](https://eisuper.com.au/factsheets).

## Accessing your super

Your super is made up of one or more preservation components. These components will determine how and when you can access your super benefits. The following is a summary of each of the preservation components:

- Unrestricted non-preserved - these amounts can be taken anytime regardless of age or meeting a condition of release.
- Restricted non-preserved - these amounts can be taken once a person has ceased an employment arrangement regardless of age.
- Preserved - these amounts can be taken once you have met a condition of release.

When you meet a condition of release, the preserved and restricted components of your super will become unrestricted and your super can then be accessed via an income stream such as an account based pension, or as a lump sum, or a combination of both. However, you are able to leave your money in super for as long as you want - you do not need to withdraw your super at any particular age.

## Reaching your preservation age and permanently retiring

If you retire permanently and have reached your preservation age, you can access all of your super. Your preservation age is between 55 and 60, depending on your date of birth, as follows:

### Preservation age

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
From 1 July 1964	60

## Reaching your preservation age but not retiring

If you have reached your preservation age but haven't yet retired, you can access your super as a Transition To Retirement (TTR) pension but not as a lump sum.

There is a minimum yearly pension income that must be drawn of 2% for the 2020/21 financial year (temporarily below the regular drawdown rate of 4% due to Covid-19) and restricted to a maximum of 10% of the account balance each year. In addition, you cannot make a lump sum withdrawal unless you have an unrestricted non-preserved amount.

If you are 60 or over, you can access your super if you leave your employment, irrespective of whether you have permanently retired.

## Turning age 65

When you turn 65 you can access all of your super, even if you are still working.

## Conditions of release to access your super before retirement

We can pay you or your beneficiaries a benefit from your super if you meet one of the following conditions for early release of your super benefit:

- compassionate grounds;
- severe financial hardship;
- permanent incapacity; or
- terminal illness or death.

You may access your super before reaching your preservation age if you leave or change your employer and your preserved benefit is under \$200.

You can also access your super if you are a temporary resident and permanently leave Australia (excludes New Zealand permanent residents).

## Early access to super (for 2020/21 financial year)

If your employment has been affected by Covid-19 you may be able to access some of your super early to assist with financial distress. Eligible members can access up to \$10,000 of their super in the 2020/21 financial year provided they apply before 31 December 2020. The early access payment is tax free and won't affect Centrelink or Veterans' Affairs payments.

To find out if you're eligible to apply for temporary early access to your super you will need to apply online through the [myGov website](https://my.gov.au). The ATO will then assess your eligibility and advise you and us of the outcome. For further information please contact us or visit the [ATO website](https://ato.gov.au).

Early withdrawals can have a long-term impact on your super balance. Please consider talking to one of our financial planners before making a decision.

## What happens in the event of your death?

You can choose how your benefit is paid in the event of your death. You will need to provide a valid binding nomination which provides details of your dependant(s) (which includes your spouse) and/or your Legal Personal Representative (LPR).

Under super law, we must pay your benefit in accordance with your valid binding nomination regardless of whether your circumstances have changed, so it is important that you keep it up to date. However, if you do not make a choice or your nomination is not valid, your benefit will be paid to one or more of your dependant(s) (which includes your spouse) and/or your LPR as we determine.

## Who can be classified as a dependant?

A dependant is defined under super law as including:

- your spouse, which includes:
  - a person to whom you are married;
  - a person who although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple (regardless of whether you are of the same or opposite sex); or
  - a person with whom you are in a relationship that is registered under the Relationships Act 2008 (Vic), Relationships Act 2003 (Tas), Marriage Equality (Same Sex) Act 2013 (ACT), Relationships Register Act 2010 (NSW) or the Civil Partnerships Act 2011 (QLD);
- your child, which includes:
  - an adopted child, step child or an ex-nuptial child;
  - a child of your spouse;
  - a child born to a woman as a result of an artificial conception procedure while that woman was married to you or was your de facto partner; or
  - a child who is your child because of State or Territory legislation giving effect to a surrogacy arrangement;
- any other person who in our opinion, was wholly or partially financially dependent on you at the time of your death; and
- a person with whom you had an interdependency relationship at the time of your death. An interdependency relationship is one where two persons, whether or not related:
  - have a close personal relationship; and
  - they live together; and
  - one or each of them provide the other with financial support; and
  - one or each of them provides the other with domestic support and personal care.

## Who can be classified as your Legal Personal Representative (LPR)?

A LPR is the executor of your estate (generally as indicated in your will) or the administrator of your estate (the person appointed by the court to administer your estate if you die without a will).

## Making a binding nomination

The person(s) you nominate as a beneficiary must be a dependant, your LPR or a combination. If you have a valid binding nomination in place, then in the event of your death, we are bound to pay your account balance in accordance with that nomination.

For a binding nomination to be valid, the following conditions must be met:

- your nomination must be in writing and given to us;
- each person you nominate must be either a dependant or your LPR at the time of your death;
- the proportion of benefit that would be paid to the person(s) is certain or readily ascertainable from your nomination;

- you must sign and date your nomination in the presence of two (2) witnesses who are over the age of 18 and are not nominated as a beneficiary;
- the two (2) witnesses must sign and date a declaration stating that they were in your presence when you signed and dated your nomination; and
- your nomination must be renewed (or amended) at least every three (3) years and be valid as at the date of your death.

You may amend, confirm or revoke your nomination at any time by completing the Binding Nomination form which is available at [eisuper.com.au/nominate](https://eisuper.com.au/nominate) or by contacting us.

### Payment of a death benefit

Please note, that in the event of your death and upon receipt of relevant statutory documents (including a certified copy of your death certificate), we will automatically change the investment strategy of your account to Cash.

This investment switch is to protect your account balance against market fluctuations. Any previous investment choice or default option will cease to apply.

## Consolidation of multiple EISS Super accounts

If you have more than one EISS Super account, we may consolidate them into a single account if we decide that consolidating is in your best interests.

We will not consolidate your accounts if you notify us that you do not wish for your accounts to be consolidated.

If we do consolidate your accounts, we will notify you after they have been consolidated. No fee will be charged for consolidating of accounts.

## Unclaimed super monies

In some circumstances we may be required to transfer a superannuation account to the ATO under unclaimed money legislation.

It is important to note that if your account is transferred to the ATO, any insurance cover you hold will cease. To avoid your account being transferred to the ATO, please make sure your contact details are up to date.

## Your super could be moved to the ATO

We are required to identify 'inactive low balance accounts' and then transfer these accounts to the ATO. If your account is transferred to the ATO, the ATO is required to merge this account balance into your active super account (if you have one, and if the total of the combined balance is greater than \$6,000). If the ATO can't combine your balance automatically, it will remain with the ATO until you claim it. An account may be transferred to the ATO if:

- your account balance is less than \$6,000;

- we have not received an amount (such as a contribution or rollover from another fund) to your account within the last 16 months;
- we are not owed an amount in respect of your account;
- you have not met a condition of release;
- you have no insurance cover on the account;
- you have not changed your investment options or insurance cover in the last 16 months; and
- you have not made or amended a binding death benefit nomination in the last 16 months.

## Nil balance accounts

If your account has had a nil balance for more than 6 months, we may, in certain circumstances, close your account. Prior to closing your account, we will contact you to let you know your account will be closed unless we receive a contribution from you.

## Family Law

The Family Law Act 1975 takes account of superannuation entitlements when negotiating settlements resulting from marriage breakdowns and for the 'splitting' of those entitlements between the parties involved. For further information, please read the Family Law fact sheet available at [eisuper.com.au/factsheets](https://eisuper.com.au/factsheets) or call us.

## Anti-Money Laundering and Counter-Terrorism Financing

We do not accept cash nor do we make payments to third parties where we are not authorised to do so by the regulator or by a Court of law.

To meet our legal obligations and to manage our money laundering and terrorism financing risks, we must be reasonably satisfied that you are who you say you are, especially when you request any type of withdrawal from your account. This is in addition to our business requirements to be satisfied that you are the owner of your account and that the instruction we have received is valid.

At a minimum, we must verify your full name and date of birth, especially when you request any type of withdrawal. We may seek additional information to meet our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

Additionally, we are required to monitor your transactions for the purpose of identifying, having regard to money laundering or terrorism financing risk, any transaction that appears to be suspicious within the terms of the legislation. Suspicious matters include suspicions about your identity, tax evasion, offence against a Commonwealth, State or Territory law, proceeds of crime, money laundering, terrorism financing or transactions that have no apparent economic or visible lawful purpose. We employ both human judgement and data analysis to identify such transactions.

We will report any such suspicious matters plus any threshold transactions or international funds transfer instructions to the regulator, AUSTRAC.

## We're here to help

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