Member Super Facts

October 2016

Boosting your super

did you know?

Ever worried about not having enough money in retirement? It's easy to contribute extra to your super, and the sooner you start the longer you have to take advantage of compounding returns (interest on interest).

Information helpline

For more information on CareSuper or super related topics call the CareSuperLine on **1300 360 149**, email **admin@caresuper.com.au** or visit **caresuper.com.au**

CARE Super Pty Ltd (Trustee)
ABN 91 006 670 060 AFSL 235226
CARE Super (Fund) ABN 98 172 275 725

Who pays my super?

Generally, your employer is required to pay the equivalent of 9.5% of your salary into super (they may pay more). This is the current super guarantee (SG) rate and it's subject to change. Our website will always have the latest rate.

If you're not sure whether you're eligible for SG, go to the Australian Tax Office website at **ato.gov.au** to check your entitlements. You can also check your transaction history in MemberOnline at **caresuper.com.au/login**.

Should I add more to my super?

The truth is, SG alone probably won't be enough for you to retire on comfortably. Fortunately, there are other ways you can add to your super. Even a small amount can make a big difference thanks to compounding returns.

See the difference starting early could make to your super

At age 30, Charlotte starts making personal contributions to super of $10 per week, on top of her employer's super guarantee (SG) contributions.

At age 50, John is starting to think about retirement. In order to boost his super, he starts making personal contributions on top of SG of $100 per week.

Charlotte and John both retire at age 67. Over the years, John has contributed $88,400 of his own money to super, compared to Charlotte, who has contributed only $19,240.

At retirement, Charlotte has $473,000 in her super account. John has $284,000 – that's a difference of $189,000!

These figures have been calculated using the Industry Fund Services Superannuation Planning Calculator (Industry Fund Services Limited ABN 54 007 016 195 AFSL No. 232 514). Figures assume a starting super balance of $40,000, annual before-tax salary of $40,000, a moderate investment risk profile, super guarantee contributions of 9.5% and no Age Pension.

How can I boost my super?

You can make two kinds of contributions to your super:

- Pre-tax (concessional) contributions, and
- After-tax (non-concessional) contributions.

It's important that you consider what is right for your situation. To find out how a financial planner could help you with this decision, visit **caresuper.com.au/advice**.

Pre-tax contributions

Pre-tax contributions are paid into your super before your marginal tax rate is applied. You will pay a 15% contributions tax on money going into super, but this is lower than most people's marginal tax rate, making it a tax-effective savings option.

Pre-tax contribution options include:

- SG contributions (see at left), and
- Salary sacrifice contributions.

Salary sacrifice – how does it work?

You can choose to regularly 'sacrifice' part of your salary into your super account, if you are eligible (check with your employer). This strategy could help you increase your retirement savings and reduce your overall taxable income.

Next steps:

- Speak to your employer and make sure salary sacrificing is an option for you.
- Instruct your employer in writing (they'll usually supply a form). You can cancel this at any time.

Note that these contributions do count as employer contributions, so will be counted as income for Government programs or welfare benefits.

After-tax contributions

After-tax contributions are generally made from take-home pay e.g. the money in your bank account. Because they've already been taxed at your marginal tax rate, they are not taxed on the way into your super account.

After-tax contributions include:

- Personal contributions (any amounts you contribute to super from your take-home pay), and
- Spouse contributions (more overleaf).

Personal contributions

You can make one-off or regular contributions to your CareSuper account via:

- BPAY®
- Direct debit
- Payroll deductions
- Cheque.

Visit **caresuper.com.au/maximisesuper** to find out how to make a personal contribution.

What would you give up?

Find out how a small sacrifice could make a big difference to your super. Go to **caresuper.com.au/sparechange**.

Continued

Boosting your super (continued)

Spouse contributions

Did you know you can help top up your partner's super? Or they can top up yours?

As long as you're both CareSuper members, you and your spouse can add money to each other's super account. For example, if you earn a higher salary than your partner, you can choose to contribute part of this to their super to help boost their savings.

You may even be able to claim a tax offset if your spouse isn't working or is earning less than $13,800 per year. (Conditions apply.)

For more details refer to the **Spouse contribution advice** form at **caresuper.com.au/forms**.

Will the Government top up my super?

If you add after-tax money to your super and earn less than $51,021 annually, the Government will chip in with a co-contribution of up to $500. To work out what your co-contribution could be, see the table below.

Eligibility conditions apply. You must:

- Make after-tax contributions by 30 June each year (you can't claim tax deductions on these)
- Lodge an income tax return for the financial year
- Have at least 10% of your total assessable income from eligible employment, including some forms of self-employment
- Have assessable income, reportable employer super contributions and reportable fringe benefits of less than $51,021 for the 2016/17 financial year
- Not be a temporary resident
- Be under 71 at the end of the financial year, and
- Provide CareSuper with your tax file number.

As long as you meet the criteria, including making extra contributions, the Government will make this payment automatically – you don't have to do a thing.

Work out what your super co-contribution could be for the 2016/17 financial year.

Your after-tax contribution:	$1000	$800	$500	$200
Your salary for 2016/17	The Government's co-contribution			
$36,021 or less	$500	$400	$250	$100
$42,021	$300	$300	$250	$100
$48,021	$100	$100	$100	$100
$51,021 or more	$0	$0	$0	$0

Source: Calculated using information at **ato.gov.au** and the 'Super co-contribution calculator' at **moneysmart.gov.au** (current as at 29 July 2016). This information is valid for the 2016/17 tax year. For co-contribution rates for other years, refer to **ato.gov.au**.

Contribution caps – what are they and when do they affect me?

Technically, you can add as much money as you want to super – but after a certain point your contributions will no longer be treated favourably from a tax perspective and you may have to pay significant extra tax instead.

These contribution limits or 'caps' are set by the Government. There are different caps for pre-tax contributions and after-tax contributions, as shown below.

Contribution caps 2016/17		
Age	Pre-tax (concessional) cap	After-tax (non-concessional) cap
Under 49*	$30,000	$180,000
49 or over*	$35,000	$180,000#

* On 30 June 2016.

\# If you're under 65, you can go over the cap by two years' worth of contributions without penalty. This is called the 'Bring forward provision'.

What happens if I go over?

Pre-tax amounts over the cap will be added to your assessable income and taxed at your marginal tax rate.

After-tax amounts over the cap will be taxed at 49%, but you may be able to withdraw the additional amounts and only pay tax on the associated earnings.

Did you know?

Contribution caps apply per person, not per account. If you have more than one super fund, keep the overall caps in mind.

Thinking about combining your super?

Combining your super can make it easier to keep track of – and you can avoid paying fees on multiple accounts.

Visit **caresuper.com.au/combine** to explore your options, including over the phone and online consolidation into CareSuper.

Before combining your super you should consider whether this is right for you and check if you will be charged any exit or other fees. You should also check the impact on any insurance arrangements (such as loss of insurance) or other benefits.

I'm self-employed – what are my options?

If you're in charge of paying your own super, you may be able to claim your contributions as a tax deduction if less than 10% of your assessable income and reportable fringe benefits come from being an employee. You must tell CareSuper of your intent to claim, and your claim must be made before one of the following (whichever comes first):

- The day you lodge your return for the year in which you made the contributions
- The end of the financial year following the one in which you made the contributions.

need help?

When you have so many options, sometimes it helps to get advice from someone with super experience. CareSuper members have access to qualified financial planners who can advise on super-related topics over the phone at no extra cost.^

- Book a callback at **caresuper.com.au/advice**, or
- Call **1300 360 149** to be put in touch.

^Financial advice is offered through CareSuper's relationship with Industry Fund Services Limited (IFS), and is provided by an authorisation under the Australian financial services licence of IFS, ABN 54 007 016 195, AFSL 232514.

The information in this fact sheet is a summary only and may change. This information is current at the date of print. Note that some of the information may change on 1 July 2017 as a result of legislative changes. You should go to **ato.gov.au** for full and up-to-date details or seek financial advice.

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