

Can you contribute to super?

Introduction

Superannuation legislation prescribes the circumstances in which contributions can be made to a superannuation fund. This is to ensure that contributions are made for retirement purposes. Whether or not you can contribute to super depends on the type of contribution being made and your age.

Types of contributions

The following is a list of types of contributions that can be made:

- Compulsory employer – superannuation guarantee (SG) contributions
- Mandated employer – certain contributions relating to SG, award and certified agreement contributions
- Voluntary employer – salary sacrifice and additional employer contributions
- Member – personal contributions
- Spouse contributions
- Government co-contributions
- Directed employer termination payments
- Capital gains tax exempt amounts arising from the sale of a small business

Contributions exclude benefits rolled over within the superannuation environment

In-specie contributions

You can make a cash or in-specie contribution into superannuation. In-specie contributions are non-cash contributions and may include assets such as listed shares, art work and business real property.

However because each super fund is different, you will need to check if your fund (and the relevant trust deed) will accept in-specie contributions. For example, most public offer and retail super funds will not accept art work as a contribution; however a tailored trust deed of a self managed superannuation fund (SMSF) may.

If you have a SMSF there are special rules governing the acquisition of assets and advice should be sought prior to making an in-specie contribution.

Age at contribution

Your age at the time of contributing will also be an important factor in determining whether your contribution will be accepted.

Age under 65

All types of contributions can be accepted.

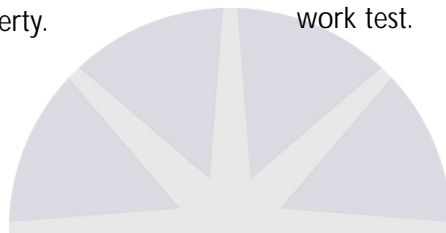
Age 65 – 69

Compulsory and mandated employer contributions can be accepted.

All other contribution types can be accepted provided the work test is satisfied (see below).

Age 70 – 74

Mandated employer contributions can be accepted. All other contribution types, except SG and spouse contributions, can be accepted provided the person meets the work test.





Age 75 and over

Only mandated employer contributions can be accepted (the work test is not required to be satisfied).

Example

Ian, age 67, is a full-time employee and can therefore make personal contributions into super. He will continue to receive SG contributions until age 70 and can continue his salary sacrifice into super until age 75.

The work test

The work test requires the person to have been gainfully employed for at least 40 hours within a period of 30 consecutive days in the financial year in which the contribution is made. This test must be met prior to making the contribution.

Gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

The concept of gain or reward envisages receipt of remuneration such as salary, wages, business income, bonuses, commissions, fees or gratuities, in return for personal exertion.

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Contributions not accepted

Tax file number

You are required to provide your tax file number to the super fund. If you do not provide your tax file number, your after-tax (personal) contributions and spouse contributions will be returned.

Exceeding the contributions cap

Personal after-tax contributions (also known as non-concessional contributions) are subject to an annual contribution cap. If you make contributions in excess of the cap they will be returned.

For this financial year the cap is \$450,000 for those under 65 and \$150,000 for those between age 65 and 75.

Example

James, age 66, seeks to rollover his UK pension benefits into an Australian superannuation fund. He has an Australian tax file number.

As he is over age 65, he can make a contribution into an Australian super fund provided he has met the work test and the amount does not exceed \$150,000.

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Appendix – Acceptable contributions

The table below provides a snapshot of the contribution rules, so you can understand the types of contributions that can be accepted depending on your age.

| Age | Superannuation Guarantee | Award and certified agreement | Salary sacrifice & additional employer contributions | Personal contributions | Spouse contributions |
|--------------|--------------------------|-------------------------------|--|----------------------------------|----------------------|
| Less than 65 | Yes | Yes | Yes | Yes | Yes |
| 65-69* | Yes | Yes | Yes | Yes | Yes |
| 70-74* | No | Yes | Yes | Yes | No |
| 75 and over | No | Yes | No, unless 28 day rule** applies | No, unless 28 day rule** applies | No |

* For those who are between 65-74 years of age, the work test must be satisfied unless the contributions are Superannuation Guarantee or made under an award or certified agreement.

**28 day rule – contributions relating to the period prior to the member's 75th birthday can only be accepted within 28 days after the end of the month in which the member turns 75.