Growing your super

legalsuper

2024/25

Adding extra savings towards your super is one of the ways to improve your retirement outcomes.. This brochure provides an overview of before-tax and after-tax contributions, and their benefits.

Contents

You know law. We know super.

As the provider of superannuation services to the legal industry, we've served its unique needs for over thirty years. Since 1989 we have delivered customised high-performing superannuation solutions for the legal community. Members trust us to act in their best financial interests. We manage their super with the same exceptional level of knowledge they bring to their work in law. This commitment is the bedrock of our partnership and drives everything we do.

Before-tax contributions are taxed at a lower, concessional tax rate of 15% instead of your marginal income tax rate.

2 ways to grow your super

You can make contributions to superannuation from your before-tax or after-tax income:

Before-tax (concessional)

Before-tax contributions are made from your before-tax income. These are taxed at a lower, concessional tax rate of 15% instead of your marginal income tax rate.

Common examples of before-tax contributions include:

- compulsory employer Super Guarantee (SG) contributions;
- salary sacrifice; and
- any personal super contributions that you claim as a tax deduction.

After-tax (non-concessional)

After-tax contributions are made from after-tax income. You've already paid income tax on these, so they are not taxed further.

Common examples of after-tax contributions include:

- extra money you add to your super from your take-home pay; and
- any contributions made on behalf of your spouse.
- Proceeds from an inheritance.
- Downsizer contributions from the sale of a property.

Before-tax contributions

Before-tax contributions, like salary sacrifice may help you pay less tax in two ways:

1. Reduce your taxable income

You can reduce your taxable income with every dollar salary-sacrificed to super.

The more before-tax salary you put into your super, the smaller your taxable income will be – this could help save you tax.

2. Pay less income tax

Before tax contributions get taxed at 15% (unless your combined income and super contributions are more than $250,000, in which case Division 293 tax of an additional 15% is levied on 'taxable contributions').

This compares to your take home salary that gets taxed at your usual marginal tax rate, which could be as high as 45% (plus the Medicare levy).

How much could you save by salary sacrificing?

The following table will help you calculate whether you could save tax by salary sacrificing. It shows the 2024/25 marginal tax rates that apply to your income and the equivalent tax if you elect instead to sacrifice dollars into super.

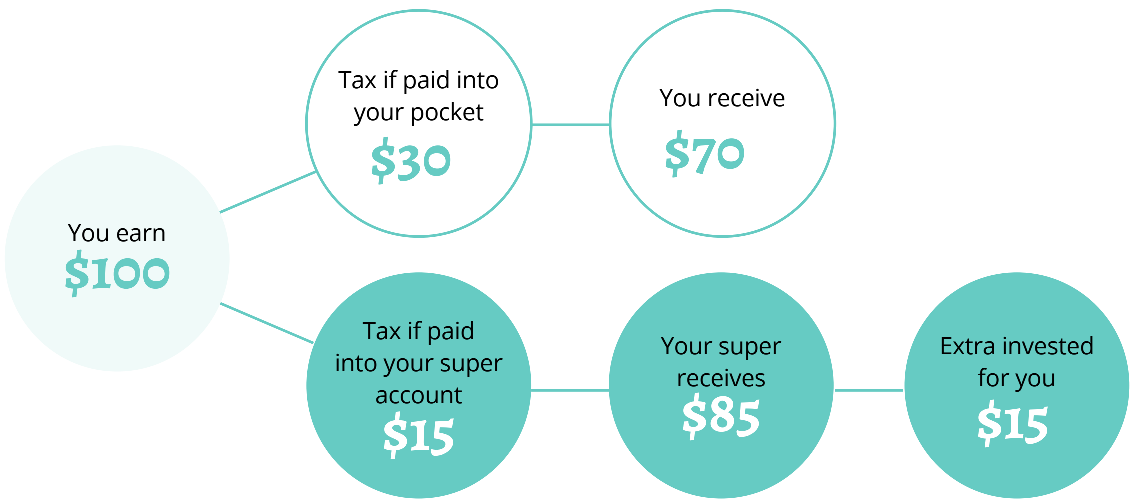
Income	Income Tax rate[1]	Tax rate in super
$0-$18,200	0%	15%[2]
$18,201-$45,000	16%	15%
$45,001-$135,000	30%	15%
$135,001-$190,000	37%	15%
$190,001-$250,000	45%	15%
$250,000+	45%	30%[3]

[1] Not including the Medicare levy
[2] Low Income Tax Offset may apply
[3] Additional taxes may apply (Division 293 tax)

Think of it this way

Your take-home pay started life as **$100**. Assuming a tax rate of 30%, **$70** goes to you, and **$30** is paid to the Australian Tax Office.

If you put that **$100** into your super before you get paid, **$85** gets invested for you, and the Tax Office only takes **$15**.



Without salary sacrifice
With salary sacrifice

Salary sacrifice (sometimes called salary packaging or total remuneration packaging) is an agreement made between you and your employer.

Arranging salary sacrifice

Salary sacrifice is arranged through your employer's payroll system. It's advisable that all the terms of any salary sacrifice arrangement are clearly stated and agreed on. The contract is usually in writing but may be verbal.

Questions to ask your employer:

- Will your employer allow you to salary sacrifice into super?
- Are you able to start or stop at any time?
- Can you change amounts at any time?
- Does your employer charge an administration cost?
- Does your employer set any limits to how much you can salary sacrifice?

If your employer doesn't offer salary sacrifice, or you want more flexibility, there are other ways you can make before-tax contributions, including claiming a tax deduction on after-tax contributions.

While salary sacrifice can be a great way to build your super it isn't the best fit for everyone. Contributing to super from your bank account, and then claiming a tax deduction, is another way to reap the tax benefits of before-tax contributions.

Making contributions straight from your bank account can offer you more control over your cash flow and allows you to still get the tax benefits of salary sacrifice when you claim a tax deduction.

If you claim a tax deduction on after-tax contributions the contribution counts towards before-tax contributions caps.

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Eligibility

The following conditions must be met for a tax deduction to be available:

- contributions must be paid to obtain superannuation benefits for yourself (not a spouse);
- you must have submitted a valid 'Notice of intent to claim a deduction for personal contributions' form to claim a tax deduction for the contributions you wish to claim; and
- legalsuper must acknowledge in writing your valid 'Notice of intent to claim a deduction for personal contributions' form.

You won't be able to claim a tax deduction if:

- You are no longer a member of legalsuper;
- the contribution has been withdrawn or transferred to another fund; or
- the contribution has been used to commence a legalsuper pension.

How to claim a tax deduction

1. Make a contribution from your bank account to your legalsuper account.
2. Complete and return to us your valid 'Notice of intent to claim a tax deduction' for personal super contribution' form. This tells us the amount you want to claim. Visit legalsuper.com.au/claim-tax-deduction to download the form.
3. We'll send you an acknowledgement letter once we receive your form, confirming the amount you want to claim. A 15% contributions tax will then be deducted from your contribution/s and sent to the ATO.
4. Submit your tax return. In your tax return, you'll need to state the amount you're claiming as a tax deduction in the supplementary section of your tax return.

After-tax contributions

Personal super contributions are the amounts you contribute to your super fund from your after-tax income (that is, from your take-home pay).

These contributions:

- are in addition to any compulsory super contributions your employer makes on your behalf
- do not include super contributions made through a salary sacrifice arrangement.

Personal contributions are non-concessional (after-tax) contributions and will count towards your non-concessional contributions cap unless you have claimed a tax deduction for them.

You may choose to make after-tax contributions:

- when you've reached the yearly concessional contribution cap;
- following an inheritance, downsizing or other windfall;
- to receive a government co-contribution (if eligible);
- to claim a tax-deduction;
- to save for your first home under the First Home Super Saver Scheme;
- to reduce the taxable component of your estate.

You can boost your super by adding your own contributions to your super fund.

How to make an after-tax contribution

Option 1: BPAY

Your legalsuper biller code is: **29728**

Log in to **legalsuper.com.au/memberaccess** to get your unique reference number.

Alternatively call us on **1800 060 312** for your unique BPAY reference number.

Option 2: Electronic Funds Transfer (EFT)

If you choose to make a contribution via EFT email **mail@legalsuper.com.au** advising us of your member number, name, date of birth, date of deposit and deposit amount to enable us to allocate the contribution to your legalsuper account.

Make your EFT to:	legalsuper
Bank account name:	Westpac Banking Corporation
BSB:	032021
Account number:	560011
For overseas transfers SWIFT code:	WPACCAU2S
Branch address:	Corner of Pitt & Bridge Streets Sydney, NSW 2000
Transaction description	Your member number

Option 3: Real Time Gross Settlement (RTGS)

To arrange a contribution by RTGS you will need to contact your bank and provide them with the same details as an EFT payment (see Option 2). Remember to include your member number in the transaction description.

Option 4: Cheque

Prepare a brief cover letter confirming your personal details, make your cheque payable to 'legalsuper', put your name and member number on the back of the cheque and mail it to legalsuper.

Contribution caps

Before-tax contributions cap

There are annual limits on how much you can add to your super. If you exceed these contributions caps, you may be required to pay extra tax.

$30,000 for the 2024/25 financial year
A $30,000 contribution cap applies to all before-tax contributions made throughout 2024/25.

This includes SG paid by your employer, and any additional amounts you salary sacrifice, or claim a tax-deduction for.

You may be able to 'carry-forward' any unused caps to the next year.

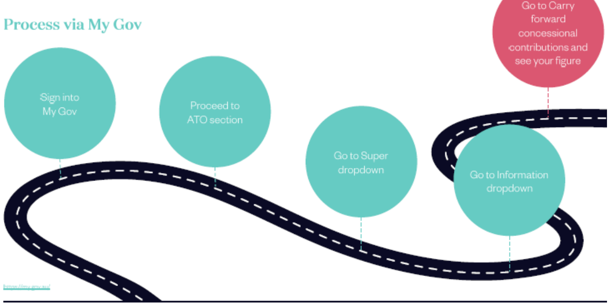
Carry-forward concessional contributions cap

Carry-forward contributions are not a special type of super contribution; it is a rule allowing super fund members to use their unused concessional contributions cap on a rolling basis for five years. You 'carry forward' your unused cap, enabling you to add more to your super.

Unused amounts are available on a rolling basis for five years and expire after this. Members are only eligible if their balance is **less than $500,000** at the previous financial year

Refer to the ATO website to check new super balance as of 30 June.

How to check your unused concessional cap amount



After-tax contributions cap

$120,000 for the 2024/25 financial year
A $120,000 contribution cap applies to all after-tax contributions made throughout 2024/25.
This includes any extra you add to your super from your take-home pay that you don't claim a tax-deduction for.

You may be able to use the 'bring-forward' rule to contribute a higher amount. Under the rule, you can contribute up to an amount equal to three years' worth of contributions in advance.

Bring-forward after-tax contributions

The bring-forward rule allows you to bring-forward the next three years of your annual after-tax contributions cap into the current financial year. Meaning that within a three-year period, you can contribute up to $360,000 without exceeding the cap if your total super balance on 30 June of the previous financial year is less than $1.66 million.

Eligibility

Some exclusions apply to both making after-tax contributions and utilising the bring-forward arrangement.

- The bring-forward rule is now extended to those under 75
- The work test requirement is removed but will only apply to personal deductible contributions
- If you are 75 years or older your fund may only be able to accept employer contributions and downsizer contributions.

We're here to help

If you would like to meet with a member of our team for more in-depth and personalised support about your super, book an appointment at **www.legalsuper.com.au/contact**

Call **1800 060 312** Monday to Friday between 8am to 8pm (AEST) or email **mail@legalsuper.com.au**

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