

# Fact Sheet: Contribution limits



There are limits that restrict the amount you can contribute to superannuation in any particular year before incurring additional tax.

Contribution limits apply to both concessional and non-concessional contributions.

## What are concessional contributions?

These contributions are made before tax is taken out of your salary, and include super guarantee (SG) contributions made by employers\*, personal contributions (for which you can claim a tax deduction) and salary sacrifice contributions.

Concessional contributions are taxed at a lower 'concessional' rate of 15%. If your employer subsidises any administration costs or pays insurance premiums on your behalf, these amounts also count towards your concessional contribution limit.

## What are non-concessional contributions?

These are generally contributions you make to your super after tax has already been paid.

To make a non-concessional contribution you must be under age 67. If you are between 67 and 74, you need to meet a 'work test' of 40 hours gainful employment within a 30-day period in the financial year in which you contribute, or the previous financial year.† Members over the age of 75 may not make contributions.

Importantly, if you have \$1.7 million or more in the super system as at 30 June in the previous financial year, you will no longer be able to make non-concessional contributions.

## What happens if I go over my limit?

If your contributions are over your limit, you will be liable to pay more tax. Only the amount above the relevant limit is charged this additional tax. For example, if you contributed \$5,000 more than the limit, extra tax would be charged on this \$5,000. See over the page for the limits that apply to this financial year.

Any concessional contributions which exceed the limit will be taxed at your marginal tax rate (including the Medicare Levy), plus an Excess Concessional Contributions (ECC) charge.

Excess concessional contributions will also count towards your non-concessional contribution limit. Any non-concessional contributions which exceed the limit will be taxed at 47% (including the Medicare Levy).

It's up to you to monitor your contributions. And if you're contributing to more than one super account, remember that the contribution limit is a total combined limit, irrespective of how many accounts you may have.

Of course, if you're happy to pay the additional tax, the choice to contribute more than the limit is up to you.

## Track your contributions via our mobile app or online

Download the Russell Investments Super Mobile App on the App Store and follow the prompts.

Alternatively, you can log in at [russellinvestments.com.au/login](https://russellinvestments.com.au/login) and go to 'Concessional contributions' under the 'Quotations' menu.

## Connecting you with the right advice

From phone-based to face-to-face options, our advice offer is designed to help you maximise your financial position.

We offer expert, phone-based advice on a single super-related issue, as well as Retire Ready meetings for those looking to retire in the next five years—both at no cost to you.

If you want advice on your full financial picture, including investments outside super, we offer personal financial planning. We've partnered with senior financial advisers who are committed to helping you meet your goals. Your first meeting is free.

If you need more information, please visit [russellinvestments.com.au/advice](https://russellinvestments.com.au/advice)

## We're here to help

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\* Special rules apply to defined benefit schemes. If you are a member of a defined benefit scheme, you should read our Concessional Contribution Limits for Defined Benefit Members Fact Sheet.

† Known as the Work Test Exemption, this will only apply if your total super balance is less than \$300,000, and you have not previously relied on this exemption.

## What are the limits?

### Limits for the 2021/22 financial year

#### CONCESSIONAL CONTRIBUTIONS

Limited to \$27,500 a year

Concessional contributions include both employer contributions (including SG and salary sacrifice contributions), and personal contributions for which a tax deduction has been claimed.

If your employer subsidises any administration costs or pays insurance premiums on your behalf, these amounts also count towards your concessional contribution limit.

Any contributions in excess of this limit will be taxed at your marginal rate (including the Medicare Levy), plus an ECC charge. These contributions will also count towards your non-concessional contribution limit.

You are able to carry forward your unused concessional contributions cap amounts from 1 July 2018. This allows eligible members who do not use all of their concessional cap in a particular financial year, to carry forward their unused concessional cap amounts to future years. The first year in which you can increase your concessional contributions cap by the amount of unused cap is 2019/20, but only if you have a total superannuation balance less than \$500,000 on 30 June in the previous year. Unused amounts are available for a maximum of five years.

#### NON-CONCESSIONAL CONTRIBUTIONS

Limited to \$110,000 a year

Depending on your total superannuation balance, if you're aged under 65\*, you may be able to bring forward two years of contributions giving you a total nonconcessional cap of \$330,000 for the three years. Where a bring-forward has been triggered, the two future years' entitlement are not indexed.

From 1 July 2017, the bring-forward amount and period is dependent on your total superannuation balance and the financial year in which you triggered the bring-forward.

Any contributions made in excess of this limit will be taxed at 47% (including the Medicare Levy). If you are over the limit you can choose to have your excess non-concessional contributions (along with associated earnings) returned to you.

**Important:** If you have \$1.7 million or more in the super system on 30 June in the previous financial year, you will not be able to make non-concessional contributions.

### How can I keep track of my contributions?

You can monitor your concessional contributions via our app or the website. It is important not to use your payslip to track these contributions, because it will not take into account any amount your employer pays towards insurance premiums and fees in your super. Your payslip also will not take into account when your contributions are received by the fund. For example, a contribution deducted from your pay in June may not arrive in your account until July, which is in a different financial year.

You can see:

- amounts contributed by your employer
- salary sacrifice contributions, and
- other concessional amounts.

for this financial year and for the previous year.

And finally, if you want some help to work out your relevant limit, please call us.

We're here to help.

\* It is proposed that those aged 65 and 66 will be eligible to use the bring-forward provisions from 1 July 2020, although at the date of issue of this fact sheet this is yet to be legislated.