

CONCESSIONAL CONTRIBUTION LIMITS FOR DEFINED BENEFIT MEMBERS

Concessional contribution limits set the amount you may contribute to superannuation before incurring additional tax. As a Defined Benefit member, you should check if you will exceed this limit, especially if you are salary sacrificing additional amounts to your super.

WHAT ARE CONCESSIONAL CONTRIBUTIONS?

Concessional (or before-tax) contributions include employer, salary sacrifice and tax-deductible personal contributions.

As a Defined Benefit member, you will be allocated 'notional concessional contributions', which will count towards your concessional contribution limit.

The table below outlines the specific limits for concessional and nonconcessional (after-tax) contributions.

Limits for the 2024-25 financial year

CONCESSIONAL CONTRIBUTIONS	NON-CONCESSIONAL CONTRIBUTIONS
<p>Limited to \$30,000 a year</p> <p>Concessional contributions include notional, employer, salary sacrifice and tax-deductible personal contributions.</p> <p>Any contributions made over this limit will be taxed at the individual's marginal tax rate, plus the Medicare Levy. Excess contributions will also count towards your non-concessional contribution limit.</p> <p>You are able to carry forward your unused concessional contributions cap amounts. 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. You can increase your concessional contributions cap by the amount of unused cap, 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.</p>	<p>Limited to \$120,000 a year</p> <p>If you want to make non-concessional contributions above this cap, you may be eligible to automatically gain access to future year caps and 'bring forward' two years of contributions, giving you a total non-concessional cap of \$360,000 for the three years.</p> <p>It all depends on:</p> <ul style="list-style-type: none"> • your age – you need to be under 75 years • your total super balance on 30 June in the previous financial year – you need to have less than the general transfer balance cap of \$1.9 million. <p>The bring-forward rule allows you to make extra non-concessional contributions without having to pay extra tax. Where this rule has been triggered, the two future years' entitlement are not indexed.</p> <p>Any contributions made in excess of the bring-forward rule 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 (but not any notional contributions).</p>

It's important to remember that these limits are flat, so if you're contributing to more than one super fund you still have the one overall limit to adhere to.

Track your contributions online

Simply log in to your account via russellinvestments.com.au/login

HOW CAN I CALCULATE MY CONCESSIONAL CONTRIBUTION?

As a Defined Benefit member, your concessional contribution will be calculated as the sum of:

1. notional concessional contributions, plus
2. any employer contributions to an accumulation account (if any), plus
3. any additional salary sacrifice contributions you make to an accumulation account (if any), plus
4. any personal contributions you make to your accumulation account for which you have claimed a tax deduction (if any).

Your notional concessional contributions will be an amount calculated in accordance with a formula and assumptions prescribed by the Australian Government. It is not the actual amount that your employer pays to the Plan on your behalf.

At the end of each financial year (to 30 June), Russell Investments will notify the Australian Taxation Office (ATO) of the total concessional contributions received for the year in respect of your membership in the Russell Investments Master Trust (the Fund).

Your notional concessional contributions are calculated using the formula below:

$$1.2 \times (\text{New Entrant Rate} \times S \times D/365 - M)$$

Where

- New Entrant Rate is the rate provided in your Fund Welcome letter. You can also call us to find out the rate.
- S is equal to your superannuation salary at 1 July each year.
- D is equal to the number of days during the financial year that you were a member of the benefit category.
- M is the amount of compulsory member contributions paid from after-tax salary that relates to your defined benefit.

Example 1 – John is aged 48 and his fund requires him to make 5% compulsory after-tax contributions.

John is aged 48 and his salary at 1 July is \$60,000, his New Entrant Rate is 10% and John makes 5% compulsory after-tax contributions (equal to \$3,000). John's employer pays 3% of his salary into an accumulation account. John has also been paying \$100 a month on a voluntary basis into his super through a salary sacrifice arrangement.

1. John's estimated notional concessional contributions for the full financial year will be:

$$1.2 \times (10\% \times \$60,000 - \$3,000) = \$3,600$$

2. John's employer also pays

$$3\% \times \$60,000 = \$1,800$$

3. John salary sacrifices

$$\$100 \times 12 \text{ (months)} = \$1,200$$

Therefore, John's estimated concessional contributions for this financial year will be \$6,600. As it stands, John has scope to make additional before-tax contributions of \$23,400, i.e. \$30,000 (the limit) less \$6,600.

Example 2 – Jane is aged 50 and she makes 5% compulsory contributions on a before-tax basis.

Jane is aged 50 and is in the same fund as John. Her salary at 1 July is \$60,000 and her New Entrant Rate is 10%. Jane makes 5% compulsory before-tax contributions (equal to \$3,000). Jane's employer pays 3% of her salary into an accumulation account. Like John, she also pays an additional \$100 each month through salary sacrifice to her super. Jane is not required to make after-tax contributions like John.

1. Jane's estimated notional concessional contributions for the full financial year will be:

$$1.2 \times (10\% \times \$60,000 - 0) = \$7,200$$

2. Jane's employer also pays

$$3\% \times \$60,000 = \$1,800$$

3. Jane salary sacrifices

$$\$100 \times 12 \text{ (months)} = \$1,200$$

Therefore, Jane's estimated concessional contributions for this financial year will be \$10,200. As it stands, Jane has scope to make additional before-tax contributions of \$19,800, i.e. \$30,000 (the limit) less \$10,200.

The examples set out are not specific to your account and are to be used as a guide only.

WILL I NEED TO MONITOR MY CONCESSIONAL CONTRIBUTIONS AGAINST MY LIMIT?

Yes, it will be your responsibility to monitor your concessional contributions against your limit each financial year. Should you exceed your limit, you will need to pay additional tax. Therefore, it will be up to you to implement any contribution strategy and/or payroll changes to ensure you do not pay any excess tax. There may be circumstances when you may choose to exceed the limit. This is a personal consideration depending on your personal financial situation.

You can keep track of your concessional contributions online. Simply log in at russellinvestments.com.au/super, select 'Quotations' and then 'Concessional contributions' to view your contributions for the financial year so far.

Were you a Defined Benefit member on 12 May 2009?

If you were a Defined Benefit member on 12 May 2009, special conditions may apply. If certain criteria are met, your notional concessional contributions will be capped at the concessional contribution limit even if the calculated formula produces a higher result. This is called the 'grandfathering' of your notional concessional contributions.

It's important to note that the grandfathered cap only applies to the notional concessional contributions that relate to the defined benefit portion of your benefit. It does not apply to any other accumulation style concessional contributions, including voluntary salary sacrifice or award contributions, whether those contributions are made to this Fund or to another super fund.

Grandfathering arrangements may no longer apply in certain circumstances; for example if your New Entrant Rate increases as a result of a change to your contribution rate, or if you have a significant salary increase on a nonarm's length basis.

The rules governing grandfathering provisions are complex, so if you need more information or want to check whether grandfathering applies to you, please call us.

STAYING WITHIN YOUR LIMIT

If you are considering or are already salary sacrificing additional contributions, you will need to monitor your strategy. If you are at risk of exceeding your limit, you may need to reduce your nominated additional salary sacrifice contributions. Remember salary sacrifice contributions that you are required to make to fund your defined benefit are considered part of the notional concessional contribution amount.

WHAT IF I EXCEED MY CONCESSIONAL CONTRIBUTION LIMIT?

If the total concessional contributions reported on your behalf to the ATO exceed the relevant contribution limit, you will be taxed at your marginal rate (minus a 15% tax offset), plus the Medicare Levy. The excess will also count towards your after-tax (non-concessional) contribution limit.

Note, the ATO will combine the reported concessional contributions for you from all super funds. If you are liable, the ATO will send the assessment for the additional tax to you. You may pay the assessment yourself or forward it to us to have the tax deducted from your super account.



Advice that's right for you

Good financial advice is about making the most of what you have to help achieve your goals. That's what we offer—general information, personal advice over the phone, Retire Ready meetings (often at no cost) or comprehensive personal advice (complimentary first meeting).

Find out more at russellinvestments.com.au/advice



We're here to help

If you have any questions, please contact us:

- call **1800 555 667** (Monday to Friday 8.30am to 5.30pm AEST)
- email iq@russellinvestments.com.au
- visit russellinvestments.com.au/super

Issued by Total Risk Management Pty Ltd ABN 62 008 644 353, AFSL 238790 (TRM) as trustee of Russell Investments Master Trust ABN 89 384 753 567. Nationwide Super and Resource Super are Divisions of the Russell Investments Master Trust. The Product Disclosure Statement ('PDS'), the Target Market Determinations and the Financial Services Guide can be obtained by phoning 1800 555 667 or by visiting russellinvestments.com.au or for Nationwide Super by phoning 1800 025 241 or visiting nationwidesuper.com.au. Any potential investor should consider the latest PDS in deciding whether to acquire, or to continue to hold, an investment in any Russell Investments product. Russell Investments Financial Solutions Pty Ltd ABN 84 010 799 041, AFSL 229850 (RIFS) is the provider of MyTracker and the financial product advice provided by GoalTracker Plus. General financial product advice is provided by RIFS or Link Advice Pty Ltd (Link Advice) ABN 36 105 811 836, AFSL 258145. Limited personal financial product advice is provided by Link Advice with the exception of GoalTracker Plus advice, which is provided by RIFS.

This communication provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. If you'd like personal advice, we can refer you to the appropriate person. This information has been compiled from sources considered to be reliable but is not guaranteed. Past performance is not a reliable indicator of future performance. To the extent permitted by law, no liability is accepted for any loss or damage as a result of reliance on this information. This material does not constitute professional advice or opinion and is not intended to be used as the basis for making an investment decision. This work is copyright 2024. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of Russell Investments.

SS_FACT_DefBen_V1F_2406