

GROWING YOUR SUPER

There is no better time than the PRESENT to be planning for your future. Whilst stopping work later in your life (often called retirement) seems a long way away, the sooner you start learning how to save smarter, the more comfortable you will feel that you're on track to meet your future financial needs in retirement.

Superannuation is often thought of as a boring or dry subject and yet it can be both exciting and fulfilling to know that you have adequate savings and are on track for a comfortable future.

Your personal well-being in the future can often be lost by focusing only on the present day. As the saying goes, *"If your fail to plan, you plan to fail."*

How to grow your super faster

Super is meant to assist you to live comfortably in your post working life years. Throughout your employment career, your employer will play a big part in helping you save for the future by making what is called Super Guarantee (SG) contributions into your super account. The current SG rate is 12% of your ordinary time earnings.

There are several ways you can 'top up' your Super to increase your retirement savings. The sooner you start, the healthier your savings will be in the future. Let's see how you can do that.

- **Before-tax Salary Sacrifice contributions to super (Concessional Contributions)**

Making before-tax salary sacrifice contributions to super can help you to save on tax whilst boosting your super account balance.

If you choose to sacrifice an amount from your gross salary and pay the amount into your super, it will not be subject to income tax at the marginal rate of tax that is applicable to your salary. Your rate of income tax can be between 16% or as high as 45%, plus the 2% Medicare levy (Ref: Australian Income Tax Rates). When the salary sacrifice contribution is made to your super account, the super fund will deduct a contribution tax at a rate of 15% and this can usually be less than your income tax rate.

At present, the 2026/2027 Concessional Contribution Cap is \$32,500 per annum. This cap includes employer Super Guarantee contributions, and any salary sacrifice contributions you make during the financial year. If you exceed the concessional contribution cap, you may be required to pay additional tax.

You should check with your employer if they offer the facility to make these contributions. Any salary sacrifice arrangements must take on a formal agreement in writing between you and your employer.

Everyone is on a different tax scale depending on their annual income. You should explore the option of contributing extra to your super through salary sacrifice and seek financial advice to determine whether this strategy is appropriate for your circumstances.

- **After-tax contributions to super (Non-Concessional Contributions)**

After tax contributions paid into super are amounts that have already been taxed by your employer from your salary. It can also include amounts gifted to you or an amount that may have formed part of an inheritance. When paying these amounts into super, the 15% contributions tax is not deducted by the fund because the contribution has already been taxed previously.

At present the 2026/2027 Non-Concessional Cap is \$130,000 per annum. Non-concessional contributions can only be made by individuals with a total superannuation balance of less than \$2.1million. The \$130,000 cap can be maximised if an individual chooses to bring forward the next two years' worth of contributions. That is, the ability to make up to \$390,000 worth of contributions over 3 years. This is known as the Bring Forward Rule.

IMPORTANT NOTE

There are restrictions as to how much you can contribute to your super. These are known as Concessional and Non-concessional Contribution CAPS. You must be careful not to exceed these annual caps, otherwise the Australian tax Office (ATO) may apply a penalty tax.

- **The Government making extra contributions to super**

If you are considered by the government to be a low or middle-income earner, the government will make extra contributions to your super up to a maximum of \$500 per year provided you are also making after-tax contributions to your super. This is called a 'super co-contribution.'

For the **2026/2027 financial year**, if your total income is **\$49,293 or less** and you contribute **\$1,000** of your own after-tax money into your super, you may receive the **maximum co-contribution of \$500**. If your income is between **\$49,293 and \$64,293**, you may still be eligible for a partial co-contribution, with the amount reducing as your income increases.

Importance of seeking information and advice

There are other ways and means to save more into super, such as splitting contributions between you and your partner spouse. Please seek advice before considering topping up your super. Making well-considered decisions and seeking the right advice for your circumstances is very important.

Need more information?

The following links will assist you further to obtain information about each type of contribution.

Salary Sacrificing to Super

<https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/how-to-save-more-in-your-super/salary-sacrificing-super>

Concessional and Non-Concessional Contributions

<https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/understanding-concessional-and-non-concessional-contributions>

Government co-contribution to super

<https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/how-to-save-more-in-your-super/government-super-contributions/super-co-contribution>

Resource and reference material:

Australian Income Tax Rates at <https://www.ato.gov.au/tax-rates-and-codes/tax-rates-australian-residents>

If you would like a PictureWealth adviser to assist you in any way, do not hesitate to contact us on 1800WELFIE (1800 935 343) or by email at Financialwellness@picturewealth.com

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