

FUNDAMENTALLY SPEAKING

A simple explanation of the finance terms we all hear about but don't really understand



Catch up on unused super caps you may have missed

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It's often said that one of the reasons we seek professional advice is because "you don't know what you don't know".

One strategy that perfectly fits this description is catch up concessional super contributions.

This is a tax planning strategy suited to people who may have crystallised a capital gain, have neglected making super contributions in recent years and have a super balance under \$500,000.

It allows people to carry forward any unused concessional contribution cap on a rolling five-year basis. Other types of super contributions are a case of "use it or lose it".

As a quick refresher, a concessional contribution includes super guarantee, salary sacrifice and personal tax-deductible contributions. The current cap is \$27,500.

Although the strategy can be used to help offset a one-off capital gain, it is also an effective

way for people with lower super balances and those who may be re-entering the work force to boost their super.

The key criteria you must satisfy is that your total super balance must be less than \$500,000 on June 30 the year before you make the contribution.

Not too many people know what level of concessional contributions they have made over the previous five years, which is why we recommend you log on to your myGov account and click on the Australian Tax Office -linked service.

From there you should be able to select the "super" tab, which will provide a heap of information that you didn't know existed, including your carry-forward concessional contributions. In theory, this figure tells you the unused concessional contributions that you have available to contribute to super.

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Illustration: Don Lindsay