Entrust

Non-Concessional Contributions

November 2023

When it comes to building up assets within superannuation, most people acknowledge that their regular employer contributions do a large portion of the work. Separate to this, non-concessional contributions can also provide significant opportunities. The important rules associated with making non-concessional contributions are highlighted below.

There are two main types of super contributions. **Concessional contributions** are contributions made by an employer or via 'before-tax' dollars, such as super guarantee amounts, salary sacrifice and tax-deductible contributions. **Non-concessional contributions** are amounts made to super from 'after-tax' dollars. Individuals that perform non-concessional (personal) contributions use money, savings or assets that have already been taxed at normal tax rates.

Non-Concessional Contribution Caps

Non-concessional contributions (NCCs) are subject to an annual limit of $110,000, with the amount added to the tax-free component of a superannuation fund benefit. The fund does not pay tax when these types of contributions are performed. However, NCCs can provide the ability to obtain tax savings in the long run from the concessionally taxed nature of superannuation earnings. Earnings inside superannuation are taxed at a maximum rate of just 15%.

Superannuation Tax Rate (Earnings)	Rate (%)
Accumulation Phase	15%*
Pension (Retirement) Phase	0%

**The final tax rate on capital gains held for longer than 12 months is 10%. Interest, dividends and income are generally taxed at 15% in the accumulation phase.*

As you would imagine, an individual's capacity to make NCCs is subject to some restrictions. The rules are based around age and the Total Superannuation Balance (TSB) at 30 June of the previous financial year.

1. Contributions must generally be accepted no later than 28 days after the end of the month in which you turn 75.
2. Where the TSB exceeds $1.9 million, you are unable to perform NCCs. This is indicated in the below table. It is important to note that the TSB includes all accumulation and pension balances of an individual, as well as funds in transit (rollover).

Your NCC cap can be changed if you're eligible for the bring-forward arrangements. With respect to the NCC 'bring-forward' provisions, this also comes down to assessment against the TSB. The bring-forward is triggered when the total annual NCCs exceed the annual cap.

Cap (2023/ 2024)	Total Super Balance (TSB) as at 30 June 2023	NCC Cap Amount
Annual Cap	< $1.9 million	$110,000
Bring Forward Allowance *	< $1.68 million	$330,000 (3 year bring-forward period)
	$1.68m to < $1.79 million	$220,000 (2 year bring-forward period)
	$1.79m to < $1.9 million	$110,000 (no bring-forward period)
	$1.9 million +	$0

**People aged 75 years or older on 1 July cannot trigger the bring forward rule. If the individual has attained age 75, the contribution must be received by the super fund within 28 days from the end of the month in which they attain age 75.*

For those considering triggering a bring-forward allowance, careful consideration is required as either a two year or three year timeframe may apply. Contributing too much could mean extra tax consequences. Furthermore, it is important to be aware that you can't access your super benefit until you meet a condition of release (such as reaching preservation age and retiring).

Conclusion

Making non-concessional (after-tax) contributions into super may help to increase retirement savings and your tax-free component. If you would like additional information about maximising your contributions or have any questions, please contact your adviser.

Entrust

Non-Concessional Contributions

November 2023

DISCLAIMER

This publication has been compiled by Entrust Wealth Management, a division of Euroz Hartleys Limited ABN 33 104 195 057 AFSL 230052.

Copyright and Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) ("Euroz Hartleys") only. Euroz Hartleys is the holder of an Australian Financial Services Licence (AFSL 230052) issued by the Australian Securities and Investments Commission ("ASIC") and is a participant of the Australian Securities Exchange Group ("ASX Group").
The information contained herein is confidential and may be legally privileged. If you are not the intended recipient no confidentiality is lost nor privilege waived by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys on (+618) 9268 2888. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys.

Disclosures & Disclaimers

Euroz Hartleys and its associates declare that they deal in securities as part of their securities business and consequently may have a relevant interest in the securities recommended herein (if any). This may include providing equity capital market services to their issuing company, hold a position in the securities, acting as principal or agent, or make a market therein and as such may effect transactions not consistent with the recommendation (if any) in this report.
Euroz Hartleys declares that it may have acted as an underwriter, arranger, co-arranger or advisor in equity capital raisings, and will have received a fee for its services, for any company mentioned within this report during the last 12 months.
Euroz Hartleys Limited advises that any advice, statement of opinion, or recommendation contained in this document is provided by way of unsolicited general information only and has been prepared without taking account of your investment objectives, financial situation or particular needs.
You should not act on any recommendation issued by Euroz Hartleys without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs.
Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.
Euroz Hartleys believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it.
The opinions expressed are subject to change without notice. No member of Euroz Hartleys accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material. We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.