CONTRIBUTION CAPS AND YOUR TOTAL SUPERANNUATION BALANCE

This Fact Sheet provides information for members of the State Authorities Superannuation Scheme (SASS) about the Commonwealth Government’s concessional and non-concessional contribution caps for the financial year ended 30 June 2019.

As part of the 2016/17 Budget, the Government introduced a number of superannuation tax reforms that applied from 1 July 2017, including the introduction of the concept of a ‘total superannuation balance’. This Fact Sheet includes information on how your total superannuation balance affects the concessional and non-concessional contribution caps and how to determine your total superannuation balance.

This Fact Sheet only applies to SASS members. Members of SSS or PSS should refer to the specific scheme Fact Sheet on contributions caps available on the website or through Customer Service.

The following information is for members who are full-time employees. Different conditions apply to part-time employees and members on leave without pay. These members should contact Customer Service for further details.

You should consider obtaining financial advice to determine how the concessional and non-concessional contributions caps affect your superannuation arrangements.

CONCESSIONAL CONTRIBUTIONS

What are concessional contributions?

Concessional contributions are made into your super fund before tax.

Concessional contributions include:

- employer contributions, such as
  - employer contributions made to SASS
  - salary sacrifice contributions you make to SASS
  - employer contributions made to another fund (e.g. if you have a second job with another employer and that employer makes superannuation contributions to another fund on your behalf)
  - salary sacrifice contributions you make to another fund
- after tax contributions made to another fund that you have claimed as a tax deduction

What is the concessional contributions cap?

It is the annual limit on the total amount of concessional contributions that can be made into superannuation funds for an individual that are treated on a concessially taxed basis.

The following are the caps for the financial years ending 30 June 2019 and 30 June 2020:

2018–19 financial year
- $25,000 for all members

2019–20 financial year
- $25,000 for all members

However, there are special conditions applying to defined benefit funds such as SASS. Under the Commonwealth Government’s superannuation regulations for calculating concessional contributions, a member whose concessional contributions in SASS exceed their respective cap is deemed to be within their cap.

The State Super schemes are administered by Mercer Administration Services (Australia) Pty Ltd on behalf of the Trustee, SAS Trustee Corporation (STC). SASS is governed by the State Authorities Superannuation Act 1987, the State Authorities Non-contributory Superannuation Act 1987 and the Superannuation Administration Act 1996. The scheme is also subject to Commonwealth superannuation and tax legislation.

STC has published this fact sheet. STC is not licensed to provide financial product advice in relation to SASS.

Reasonable care has been taken in preparing the information in this fact sheet and nothing in it is intended to be or should be regarded as personal advice. If there is any inconsistency between the information in this fact sheet and the relevant scheme legislation, the scheme legislation will prevail. In preparing this fact sheet, STC has not taken into account your objectives, financial situation or needs. You should consider your personal circumstances and possibly seek professional advice, before making any decision that affects your future.

To the extent permitted by law, STC, its directors and employees do not warrant the accuracy, reliability or completeness of the information contained in or omitted from this fact sheet.
For example, a member on a high salary could theoretically exceed the concessional contribution cap in SASS, but their concessional contributions would be deemed to be equal to the cap. SASS would report that member’s SASS concessional contributions to the Australian Taxation Office (ATO) as the applicable cap amount.

However, members lose this special condition permanently if they move to a higher benefit category than the category they were in on either:

• 12 May 2009; or
• 5 September 2006

These dates are dates when the Government announced changes to the law regarding concessional contributions. Members of defined benefit funds are protected from any adverse consequences from these changes provided they have not moved to a higher benefit category than the category they were in on either of those dates.

For example, if a member has always contributed at 6% or more and then they reduce their contribution rate to 4% from 1 April 2012, and subsequently increase it back to 6% or more from 1 April 2014, the member retains the protection of the cap as he/she has not moved to a higher benefit category than the category he/she was in at either 5 September 2006 and 12 May 2009.

Similarly, if a member was contributing at 9% on 5 September 2006, then decreased their contribution rate back to 9% on 1 April 2014, they would not lose the protection of the cap as their new contribution rate, while higher than the contribution rate at 12 May 2009, is not higher than the rate the member was contributing at on 5 September 2006.

**Note:** Electing to salary sacrifice your compulsory personal contributions to SASS does not mean that you lose this special condition if you have not already lost the protection of the cap.

Despite the special conditions applying to SASS, a member can still exceed the cap if additional employer contributions (including salary sacrifice contributions) are made to another fund on their behalf (that is to another fund in addition to SASS). If this occurs, the amount in excess of the cap will be taxed at a higher rate as outlined under the heading “What happens if my concessional or non-concessional contributions exceed the cap?”.

**Carry forward concessional contributions**

From 1 July 2018, if you have a total superannuation balance of less than $500,000 at the end of 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap using the carried forward amounts of your unused concessional contributions.

The first year you will be entitled to carry forward any unused amounts will be in the 2019-20 financial year (i.e. any unused amounts from the 2018-19 financial year). Unused amounts are available for a maximum of five years, and will expire after this.

**Example**

If we assume you have a total superannuation balance of less than $500,000, the following table demonstrates the accumulated unused cap available when contributing various amounts of concessional contributions under the carry forward provisions.

<table>
<thead>
<tr>
<th>Financial year</th>
<th>General Contributions Cap*</th>
<th>Accumulated unused cap</th>
<th>Maximum cap available</th>
<th>Concessional contributions made in the financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$25,000</td>
<td>NA</td>
<td>$25,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>2018-19</td>
<td>$25,000</td>
<td>$0</td>
<td>$25,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>2019-20</td>
<td>$25,000</td>
<td>$5,000</td>
<td>$30,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>2020-21</td>
<td>$25,000</td>
<td>$15,000</td>
<td>$40,000</td>
<td>$26,000</td>
</tr>
<tr>
<td>2021-22</td>
<td>$25,000</td>
<td>$14,000</td>
<td>$39,000</td>
<td>$32,000</td>
</tr>
<tr>
<td>2022-23</td>
<td>$25,000</td>
<td>$7,000</td>
<td>$32,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>2023-24</td>
<td>$25,000</td>
<td>$2,000</td>
<td>$27,000</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

**Total Superannuation balance:** You will only be able to carry forward your unused concessional contributions cap if your total superannuation balance at the end of 30 June of the previous financial year is under $500,000. For further information on how to determine your total superannuation balance, please refer to the relevant section below.

**How are my concessional contributions made to SASS calculated?**

Commonwealth Government regulations set out the basis for calculating concessional contributions made to defined benefit superannuation schemes for the purpose of the concessional contributions cap.

In accordance with these regulations, a different calculation is required for each benefit category. Your benefit category is determined by your compulsory personal contribution rate and is shown in the first column in the following tables.

Different calculations are also required for former members of the State Public Service Superannuation Fund (SPSSF) and the NSW Retirement Fund (NRF), as shown in the following tables. Former members of SPSSF will have a seven digit membership number commencing with 15. Most former members of NRF...
will have a seven digit membership number commencing with 50.

To make it easier for you to calculate your concessional contributions to SASS (including your basic benefit in SANCS), simply insert into the following formula your total benefit factor from the right hand column of the tables. This is dependent on your relevant benefit category.

The factors shown below and in the examples on the following pages are correct for the 2019–20 financial year, but differ from the rates in previous years. For further information on the rates that applied in previous years, contact Customer Service.

The salary to use in the formula below is your superannuation salary at 1 April prior to the start of the financial year. This is shown on your Annual Statement or can be obtained online via the Member’s Login Area. Alternatively, you can contact Customer Service on 1300 130 095.

\[
\text{Salary} \times \text{total benefit factor* (from table)} + \text{any salary sacrifice contributions to SASS}
\]

Your total concessional contributions equal:

Concessional contributions to SASS and SANCS + any salary sacrifice contributions to another fund*

* Remember, if you work somewhere else, employer contributions paid into any other fund also need to be added to your total concessional contributions.

### Examples:

In the following examples we’ll use Jim as an example of how to calculate total concessional contributions for the 2019–20 financial year.

Jim’s only job is with his SASS employer and his personal details are:

- Salary at 1 April 2019: …………………………………….$70,000
- Age at 30 June 2020: ………………………………………48
- Jim’s current after-tax compulsory personal contribution rate to SASS: ………………………………………6%
- Jim’s cap for the 2019–20 financial year: …………………………….$25,000
Example 1:
If Jim decided not to salary sacrifice any compulsory personal contributions into SASS for the financial year ending 30 June 2020, his concessional contributions to SASS would be:

(Salary \times 0.096) + \text{any salary sacrifice contributions to SASS}

\$70,000 \times 0.096 + \text{nil} = \$6,720

If Jim does not make any salary sacrifice contributions to another fund, his total concessional contributions for the financial year ending 30 June 2020 would be $6,720. Jim’s concessional contributions are under the concessional contributions cap of $25,000.

Example 2:
Jim decides to salary sacrifice his 6% compulsory personal contributions to SASS. Jim has to gross up his compulsory personal contributions as detailed in the SASS Fact Sheet 17: Salary Sacrifice on the website.

Jim’s after-tax contribution of $4,200 grosses up to $4,941 on a salary sacrifice basis.

Using the formula, his concessional contributions to SASS would be:

(Salary \times 0.096) + \text{salary sacrifice contributions to SASS}

($70,000 \times 0.096) + \$4,941

$6,720 + \$4,941 = \$11,661

If Jim does not make any salary sacrifice contributions to another fund, his total concessional contributions for the financial year ending 30 June 2020 would be $11,661. Jim remains within the concessional contributions cap of $25,000.

Example 3:
Jim decides to salary sacrifice his compulsory personal contributions to SASS and salary sacrifice a further $10,000 to his other superannuation top-up fund.

In Example 2 where Jim decided to salary sacrifice his compulsory personal contributions to SASS, we know Jim’s concessional contributions to SASS amounted to $11,661. Therefore his total concessional contributions in this example would be:

$11,661 + \$10,000 = \$21,661

In this example, Jim’s concessional contributions are still under the concessional contributions cap of $25,000.

Example 4:
The following example shows how concessional contributions are calculated differently when a member had 30 years or more SASS membership and had accrued the maximum of 180 benefit points at the start of the financial year.

In Example 3, Jim decided to salary sacrifice an additional $10,000 to another superannuation fund, in addition to the salary sacrificed personal contributions made to SASS.

If Jim had reached 180 benefit points and had 30 years or more SASS membership at the start of the year, then the formula would change so that his concessional contributions would be calculated as follows:

(Salary \times 0.012) + \text{salary sacrifice contributions to SASS} + \text{additional salary sacrifice contributions made to the other superannuation fund}

($70,000 \times 0.012) + \$4,941 + \$10,000

$840 + \$4,941 + \$10,000 = \$15,781

In this example, Jim’s SASS concessional contributions are reduced because he had reached 180 benefit points and had 30 or more years SASS membership at the start of the financial year. He is still under the concessional contributions cap of $25,000.

Example 5:
The following example shows how a member who moves into a higher benefit category by increasing their compulsory personal contribution rate, loses the special cap conditions detailed earlier in this Fact Sheet.

Mary is 47 and has always contributed 4% of salary to SASS. However, Mary elects to contribute 6% of salary from 1 April 2020. This means her total benefit factor will increase from 7.2% to 9.6%. Therefore, she will move to a higher benefit category and loses the special cap conditions.

If her concessional contributions to SASS for the 2019–20 financial year were $40,000, the amount reported to the ATO would be $40,000 and $15,000 would be treated as excess contributions.

How do the additional employer contributions (AEC) affect the reporting of my SASS concessional contributions?
The additional employer contributions (AEC) do not change the way that your concessional contributions are reported to the Australian Taxation Office (ATO). The AEC benefit forms part of your total defined benefit, and the formula used to determine...
your concessional contributions takes the AEC into account as part of your total defined benefit interest. So any contributions your employer makes to your AEC account does not change the amount of concessional contributions that are reported to the ATO.

**What if I have a second job or have two super funds?**

If you have a second job with another employer and that employer makes superannuation contributions to another fund on your behalf, or you salary sacrifice into another fund - you have to include those concessional contributions when calculating the total of your concessional contributions.

Any super fund of yours receiving employer contributions on your behalf (including any salary-sacrifice contributions), reports that amount to the ATO each year. Those reported amounts from any other super funds are added to your reported SASS contributions and tested against the concessional contributions cap.

You will also need to include any after tax contributions made to another fund that you have claimed as a tax deduction as these will also be counted towards the concessional contributions cap.

**Concessional contributions cap: Police Officers, Firefighters and Ambulance Officers**

Under the Police Blue Ribbon Insurance (PBRI) arrangements, Police SASS members have PBRI Death and TPD cover in First State Super unless they have additional benefit cover in SASS. All Police SASS members (i.e. those with SASS additional benefit cover and those without it) have PBRI income protection cover in First State Super.

All contributions to First State Super for PBRI TPD, death and income protection benefits (whether they be member salary contributions or employer contributions) count towards a member's concessional contributions cap. It is therefore important for Police SASS members to take all PBRI contributions into account when considering whether they may breach their concessional contributions cap.

Police who have queries regarding the effect of PBRI contributions on their concessional contributions cap should refer to the NSW Police Force Death and Disability Fact Sheet 6: State Authorities Superannuation Scheme Opt Out Opportunity for further information.

Firefighters and Ambulance Officers who have death and disability insurance arrangements in other superannuation funds should also assess whether their total concessional contributions will exceed the applicable cap amount.

**Do after-tax contributions count towards the concessional contributions cap?**

No. These are counted towards the non-concessional contributions cap which is quite separate from the concessional contributions cap. Further information on non-concessional contributions is outlined below.

**NON-CONCESSIONAL CONTRIBUTIONS**

**What are Non-Concessional Contributions?**

Non-Concessional Contributions Are Made Into Your Super Fund After Tax.

Non-Concessional Contributions Include:
- after-tax compulsory personal contributions you may make to SASS; or
- any after-tax contributions you may make to another superannuation top-up fund.

From 1 July 2017, the annual non-concessional contribution cap was reduced from $180,000 to $100,000 per year. People under age 65 may be able to bring-forward two years’ worth of non-concessional cap allowing up to $300,000 to be contributed in a single year.

Part of the changes that applied from 1 July 2017 that affect an individual's non-concessional contributions cap and bring-forward period - is the introduction of the concept of the 'total superannuation balance'. The concept of ‘total superannuation balance’ is a way to value your total super interests on a given date. Your total superannuation balance will be calculated at the end of 30 June of the previous financial year to determine your current non-concessional cap and bring-forward period. For further information on how to determine your total superannuation balance, please see the relevant section below.

**Non-concessional contributions cap**

If your total superannuation balance at the end of 30 June in the previous financial year is less than $1.6 million (the general transfer balance cap for the 2017-18, 2018-19 and 2019-20 financial years), you will be eligible for a $100,000 non-concessional contributions cap.

If your total superannuation balance at the end of 30 June in the previous financial year is greater than or equal to $1.6 million, your non-concessional cap will be nil. If you make non-concessional contributions, you will have excess non-concessional contributions. For further information on excess non-concessional contributions, please see the relevant section following.
Bring-forward arrangement

If you are under age 65, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year by bringing forward your non-concessional cap for a two or three-year period. For example, you may contribute $200,000 in the first year and up to $100,000 over the following two years.

When you make contributions greater than the annual cap, you trigger the bring-forward arrangement and gain access to future year caps.

From 1 July 2017, the non-concessional contributions cap amount that you can bring-forward and whether you have a two or three year bring-forward period will depend on your total superannuation balance. Your total superannuation balance is determined at the end of 30 June of the previous financial year in which the contributions that triggered the bring-forward were made.

The following table outlines how your total superannuation balance affects the bring-forward arrangement.

<table>
<thead>
<tr>
<th>Total superannuation balance on 30 June 2019</th>
<th>Maximum non-concessional contributions cap for the first year</th>
<th>Bring-forward period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1.4 million</td>
<td>$300,000</td>
<td>3 years</td>
</tr>
<tr>
<td>$1.4 million to less than $1.5 million</td>
<td>$200,000</td>
<td>2 years</td>
</tr>
<tr>
<td>$1.5 million to less than $1.6 million</td>
<td>$100,000</td>
<td>No bring-forward period. General non-concessional cap applies</td>
</tr>
<tr>
<td>$1.6 million</td>
<td>Nil</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Note: If you have triggered the bring-forward period in the 2017-18 or 2018-19 financial years but you have not fully used your bring-forward amount before 1 July 2019, the maximum amount of bring-forward available will reflect the reduced annual contribution caps as outlined in the below table.

For further information on how to calculate your total superannuation balance, please see the relevant section below.

How may the non-concessional cap affect my SASS membership?

As detailed above, if your total superannuation balance at the end of 30 June in the previous financial is greater than or equal to $1.6 million, your non-concessional cap will be nil. If you make non-concessional contributions, you will have excess non-concessional contributions.

If you pay your compulsory personal contributions to SASS from your after-tax salary, you will need to check your total superannuation balance and if appropriate, consider paying your contributions from before-tax salary.

Excess non-concessional contributions are discussed further below, however it is important to note that in the event you exceed the non-concessional cap, you may receive a release authority from the ATO because they have issued you with an excess contributions tax assessment. Income tax legislation does not require a release authority to be accepted by a defined benefit scheme such as SASS. Unless you have benefits in another superannuation fund which are able to be released you will need to pay the excess contributions tax from your own money.

If your total superannuation balance at the end of 30 June in the previous financial year is less than $1.6 million, you will be eligible for a $100,000 non-concessional contributions cap.

For further information on excess non-concessional contributions, please see the relevant section below.

You should consider obtaining financial advice to determine how the non-concessional contributions caps affect your superannuation arrangements.

WHAT HAPPENS IF MY CONCESSIONAL OR NON-CONCESSIONAL CONTRIBUTIONS EXCEED THE CAP?

You will be advised by the ATO after submitting your tax return if you have exceeded either the concessional or non-concessional contributions cap.

Excess concessional contributions

From 1 July 2013, any concessional contributions exceeding the cap will be included in your taxable income and will be taxed at your marginal tax rate. You will receive a tax offset for the 15% contributions tax already paid. An excess contributions charge (interest) may also be payable to recognise that the tax on excess contributions is collected later than normal income tax.
It is therefore important to carefully consider the level of salary sacrifice you currently make or are considering making to another superannuation fund. You should consider obtaining financial advice in this regard.

In the event that you exceed the concessional contributions cap in the financial year ending 30 June 2014 or later years, the Commissioner of Taxation will issue you with an excess concessional contributions determination. This determination will identify the amount of your excess concessional contributions and any excess contributions charge. Members of accumulation funds can elect to release up to 85% of the excess concessional contributions from their fund. However, because SASS is a defined benefit scheme a release authority will not be accepted.

**Excess non-concessional contributions**

From 1 July 2013, if you exceed your non-concessional contributions cap you will have the opportunity to withdraw your excess contributions and 85% of the associated earnings on those contributions from your superannuation fund. The earnings amount will then be included in your taxable income. You will receive a tax offset if tax has been deducted.

If you do not apply for your excess non-concessional contributions to be released and they remain in your superannuation fund, they will be taxed at 47%.

It is therefore important to carefully consider the level of non-concessional contributions you currently make or are considering making to another superannuation fund. You should consider obtaining financial advice in this regard.

In the event that you exceed either of the contribution caps, you may receive a release authority from the ATO because they have issued you with an excess contributions tax assessment. Income tax legislation does not require a release authority to be accepted by a defined benefit scheme such as SASS. Unless you have benefits in another superannuation fund which are able to be released you will need to pay the excess contributions tax from your own money.

Note: the treatment of excess concessional and non-concessional contributions was different for financial years prior to the 2013–14 financial year.

**TOTAL SUPERANNUATION BALANCE**

As part of the Government’s Superannuation Reform Package announced in the 2016-17 Budget, the concept of a total superannuation balance was introduced as a way to value your total superannuation interests on a given date.

Your total superannuation balance is relevant when working out your eligibility for:

- the carry-forward of unused concessional contributions
- the non-concessional contributions cap and the two- or three-year bring-forward period
- the government co-contribution
- the tax offset for spouse contributions.

Total superannuation balance is generally calculated at the end of 30 June of each financial year. The first date it was used to determine your eligibility for these measures was 30 June 2017.

**Working out your total superannuation balance**

A member’s total superannuation balance at a particular time is the sum of the following:

- the accumulation phase value of your super interests that are not in the retirement phase,
- if you have a superannuation income stream in the retirement phase, the balance of your transfer balance account. If this balance is below zero (that is, in debit), then it is taken to be nil. For further information on transfer balance and modified transfer balance – see STC Fact Sheet 3: Taxation.
- the amount of any rollover superannuation benefit not already reflected in the accumulation phase value of your super interests or your transfer balance (that is, rollovers in transit between super funds on 30 June).

The amount of any structured settlement contributions (resulting from personal injury compensation) made to the individual’s superannuation is disregarded in the calculation of their total superannuation balance.

**Accumulation phase value**

Your ‘accumulation phase value’ is the total amount of superannuation benefits that would be payable if you had voluntarily ceased a super interest at the end of 30 June of a financial year.

Generally, this is the withdrawal value for an accumulation fund. For the SASS Scheme, in general terms the value will be the maximum lump sum that can be taken at that date. See further
The below table outlines the various types of members and the value that will be reported at 30 June depending whether you are under or over your eligible retirement age (55 or 58) at that date.

<table>
<thead>
<tr>
<th>Type of member</th>
<th>Under eligible retirement age*</th>
<th>Reached eligible retirement age*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributing member, Deferred member under preservation age**</td>
<td>Withdrawal benefit</td>
<td>Retirement benefit</td>
</tr>
<tr>
<td>Deferred member over preservation age¹</td>
<td>Retirement benefit</td>
<td>Retirement benefit</td>
</tr>
</tbody>
</table>

* Your early retirement age (55 or 58) is shown on your SASS Annual Statement.
** Including standard deferred members, members who have a deferred benefit due to crystallisation after age 55 and members with deferred benefit due to SES election who are under preservation age.
¹ Including standard deferred members, members who have a deferred benefit due to crystallisation after age 55 and members with deferred benefit due to SES election who are over preservation age.

For further details on preservation age, please see STC Fact Sheet 4: When can I be paid my superannuation benefits?

DIVISION 293 TAX
If you earn more than $250,000 (or $300,000 for financial years 2012-13 to 2016-17) your concessional contributions may be subject to Division 293 tax of 15%. For more information, see STC Fact Sheet 3: Taxation.

For further information please refer to the ATO website www.ato.gov.au.

STATEPLUS¹ - PERSONAL FINANCIAL ADVICE FOR PUBLIC SECTOR EMPLOYEES
StatePlus, formerly known as State Super Financial Services (SSFS), was established in 1990 by the SAS Trustee Corporation (STC) as a separate entity to ensure that STC members have access to expert advice in the complexities of their defined benefit schemes.

A StatePlus planner can help you calculate your concessional and non-concessional contribution amounts. To speak to a StatePlus financial planner about your situation, please call 1800 620 305 or visit www.stateplus.com.au.
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