Lutheran Super
You're valued

Super made simple

Superannuation is a way to save for your retirement. It is a long-term investment that has many benefits.

Throughout your working life, your employer will make compulsory contributions called Superannuation Guarantee contributions, to your super fund. Your super fund then invests these contributions for you. As super is a way to fund your retirement, the money in your super account is preserved. This means you generally can't access your super until you have met your preservation age or permanently retired.

Contributing to your super can be confusing. There are quite a few different types of contributions and even more terms to describe them. The bottom line is this: a contribution is money you pay into a super fund to save for your retirement.

Understanding super contributions

Before we get to the detail, keep in mind that we're only describing what each term means here, not the rules and regulations around each.

You've probably read that there are two types of contributions:

- concessional
- non-concessional.

The difference between the two is the way they're taxed; or more precisely, "how they're treated for tax purposes".

Concessional contributions

These are contributions paid into your super before income tax is applied. Instead, the money is taxed at 15% as it enters your account. So if $100 comes out of your pre-tax pay, $85 ends up in your account. If you're used to paying tax at 32.5, 37 or 45 cents in the dollar, that's a great saving. If you earn $250,000 a year or more, you'll pay 30% tax on these contributions; still a good deal less than your marginal income tax rate.

There are different types of concessional contributions:

- Superannuation Guarantee (SG) contributions
- Salary sacrifice contributions
- Employer contributions
- Self-employed contributions
- Low income superannuation tax offset

Superannuation Guarantee (SG) contributions
These contributions are paid by your employer at, as the name suggests, a guaranteed rate; currently 9.5% of your gross income; set to rise to 12% by 2025. Superannuation Guarantee is usually abbreviated to SG. They are also referred to as compulsory contributions.

Salary sacrifice contributions
These are also paid into super from your pre-tax pay. They're sometimes called voluntary contributions and are paid according to an arrangement between you and your employer.

Employer contributions
These are not really a separate type of contribution, but rather a term that includes both SG and salary sacrifice contributions.

Personal deductible contributions
These are contributions are not compulsory and may be made after tax. However from 1 July 2017, they can be claimed as a tax deduction, which means effectively they are a concessional contribution. They are also referred to as personal deductible contributions.

Low-income superannuation tax offset
If you earn $37,000 or less, this is essentially a refund of up to $500 of tax you've paid on your concessional super contributions. It's paid by the Federal Government and it happens automatically if you're eligible once your tax return has been assessed for the year. Your super fund must have your tax file number to allow this offset to be paid into your account.

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Non-concessional contributions

These contributions are paid into super after income tax is applied. Since you've already paid your marginal tax on this money, no further tax is charged when your contribution goes into super.

Non-concessional contributions include:

- Personal contributions
- Spouse contributions
- Co-contributions

Personal contributions

Personal contributions are those you make to your super fund from your after-tax income.

Spouse contributions

Contributions you make into your spouse's account. They're not tax-deductible but you might get a tax-offset of up to $540 if your spouse earns less than $40,000 a year.

Co-contributions

The Federal Government put these into your account if you've made a personal contribution and you're eligible. There are a few rules, but this is a great scheme for people earning less than $51,813 a year (2017-2018).

When can I access my super?

If you have reached your preservation age and have permanently retired (or reached age 65), you can access your super. The table below shows the preservation age.

Your date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

More information

For more information and to find out about Lutheran Super, call us on **1800 635 796** or visit our website at **www.lutheransuper.com.au**.

For financial advice about your super at no cost over the phone, call the Helpline.

LUT20834_Lutheran Super Factsheets_SUPER MADE SIMPLE_0817_FA