



## Plan to make super catch-ups, if you can

### Here's a super free kick that's there for the taking.

There aren't too many free kicks when it comes to superannuation.

But there's a free kick on offer to many Australians saving for retirement that's there for the taking.

In fact, all that's left to do is to pick up the ball and to take it, metaphorically speaking that is.

The free kick is in the form of taking advantage of unused concessional super contributions – the annual amount of money that working Australians can contribute into their super fund account.

When your employer makes mandated super contributions on your behalf, that money is taxed concessionally at 15%. The maximum amount of concessional contributions that can be made in any financial year, including any you make

in addition to your employer's contributions, is \$27,500.

Yet, for the last five financial years, the Australian Tax Office has allowed what it terms "carry forward unused contribution cap amounts".

What that essentially means is that you if have not been able to contribute up to the maximum allowable \$27,500 concessional amount in a previous financial year, any unused amounts you have can be carried forward (rolled over) and made in later years.

You could take advantage of them by starting a salary sacrifice program through your employer, where you choose to make extra super contributions from your gross pay that are taxed at 15%.

### Eligibility requirements

However not everyone can take advantage of carry forward

contributions, so it's important to know the rules.

To be eligible, you must:

- have a total super balance of less than \$500,000 at 30 June of the previous financial year.
- have unused concessional contributions cap amounts available. These unused amounts can be rolled over from up to five financial years ago, but not from before the carry forward super provision was introduced in 2018-19.

Unused concessional cap amounts are available for up to five financial years before they expire.

For example, an eligible person who has unused contributions from the 2018-19 financial year will need to use them (contribute them into their super account) by the end of the current 2023-24 financial year, or they will lose them.

For anyone with unused concessional contributions, and who is eligible to use them, there are no extra steps to take. Unused concessional cap amounts are applied automatically by the Tax Office if you exceed the annual \$27,500 cap in any financial year.

For example, if \$20,000 in concessional contributions were made into your super account last financial year, you may be able to take advantage of your unused \$7,500 gap from last year and roll it over into this financial year's contributions.

This \$7,500 would be in addition to the maximum \$27,500 in allowable concessional contributions that can be made this financial year (allowing you to contribute up to \$35,000 in this example).

### **How to find out if you have unused amounts**

You can check your carry forward unused concessional contribution amount online via your myGov account with the ATO.

After logging in, select **Super - Information - Carry forward concessional contributions**, and your unused balance should be viewable.

For many Australians the unused portion of concessional contributions available from previous financial years may amount to tens of thousands of dollars.

The caveats are that you must not have made concessional contributions in the financial year that exceeded your general concessional contributions cap and, as noted, your total super balance must be below \$500,000 as at 30 June of the previous financial year.

Even though we're now only around midway through the current financial year, it's worth considering whether you can use this super free kick before 30 June 2024.

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## Consider an adviser

Super and retirement planning is a complex area.

Take care to understand the contributions types and limits carefully as there are significant tax penalties for exceeding the applicable contributions caps.

If you're unsure about your super options before 30 June and need some advice, come and talk to us today!

## Source:

<https://www.vanguard.com.au/personal/learn/smart-investing/retirement/plan-to-make-super-catch-ups>

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