

# Non-concessional (after-tax) contributions

This fact sheet is for ESSSuper members and their spouses who want to boost their super and retirement savings by making additional non-concessional (i.e. 'after tax') contributions to super.

## Eligibility

Eligibility to make after-tax (non-concessional) contributions to super depends on your age and how much paid employment you undertake during the financial year.

Age	Can you make non-concessional contributions to super?
Under 67	Yes.
67 – 74 <sup>^</sup> #	You need to have worked at least 40 hours in any period of 30 consecutive days during the financial year that the contribution is made.
75 and over <sup>#</sup>	No.

\* The maximum age for spouse contributions is 74.

<sup>^</sup> You may be eligible for the Work Test Exemption if you were working in the previous financial year. See Work Test Exemption section for more information.

<sup>#</sup> If you are aged 65 years or older, you may be able to contribute the proceeds from the sale of your main residence. See Downsizer contributions section for more information.

## ESSSuper's defined benefit funds

The ESSS DB Fund, New Scheme, Revised Scheme, SERB Scheme and Transport Scheme accept prescribed non-concessional contributions.

You can make additional non-concessional contributions to another superannuation account or fund such as ESSSuper's Accumulation Plan.

## ESSSuper's Accumulation Plan

ESSSuper's Accumulation Plan can accept all types of superannuation contributions (concessional and non-concessional) and rollovers from other super funds.

The Accumulation Plan offers nine different investment choices. Your spouse is also eligible to join.

## Income Stream products

Income stream products – also known as account based pensions – can only be established by transferring your lump sum superannuation account from either an eligible ESSSuper account or transferring funds in from another superannuation

fund. An income stream is not able to accept rollovers, transfers, or contributions once it has commenced.

## Contribution caps

There are limits (called 'caps') on the amount of non-concessional super contributions that can be made.

You can make non-concessional contributions up to a maximum of \$110,000 each year – subject to the work test if you are aged between 67 and 74.

If you have a total super balance of \$1.7 million or more at 30 June of the previous financial year (transfer balance cap for the 2021-2022 financial year) your non-concessional contributions cap is zero. If you exceed your non-concessional contributions cap the ATO will send you a determination which explains your options. You must lodge a tax return for that year, or request a lodgment deferral. The ATO will manage the release of money from your super and you may need to pay extra tax.

## Your options if you exceed the cap

When you receive a determination from the ATO they will offer two options. You will have 60 days to elect one of the two options. You cannot change your election decision once you make it.

The two options are:

### Option 1

With Option 1 you release both:

- the entire excess contributions amount from your super
- 85% of the associated earnings (this is an amount calculated by the ATO to approximate the amount earned from the excess contributions while in the fund).

The ATO will add the full amount of associated earnings to your assessable income and give you a 15% tax offset, and will issue you with an amended notice of assessment. A change in your assessable income may impact government benefits or payments you receive or make (e.g. childcare subsidy). You need to make an election choosing Option 1 to release.

## Option 2

With Option 2 you:

- do not release an amount in relation to the excess
- are assessed for excess non-concessional contributions tax.

You choose to leave the excess contributions and associated earnings in your super.

The ATO will send you a Notice of Assessment taxing you on your entire excess non-concessional contributions at the 47% tax rate. This tax will need to be paid from your super. The ATO will send a release authority to your fund to release your tax amount and pay it to them. You need to make an election choosing Option 2 if you want the tax to be paid from your super.

If you are with the Accumulation Plan, you can elect either option. If you do nothing when the ATO writes to you, Option 1 will apply.

If you are with a defined benefit fund, Option 2 is the only option available to you, and your tax will need to be paid from your own pocket.

## Bring Forward Rule

If you have a total super balance of less than \$1.48 million and you are under 67 years, you can 'bring forward' more than \$110,000 of non-concessional contributions in one year (e.g. you can use up to 3 years of caps in 1 or 2 years), as long as you don't exceed \$330,000 over a rolling three-year period.

If you have a total super balance of \$1.48-\$1.59 million and you are under 67 years, you can bring forward up to \$220,000 over a two-year period.

## Government super co-contribution

Non-concessional (after-tax) contributions are eligible for Government co-contributions of up to \$0.50 for every \$1.00 you contribute, to a limit of \$500.

For the 2021-22 financial year, to be eligible for the full \$500 co-contribution, you need to have contributed \$1,000 of personal non-concessional contributions and your assessable income must be \$41,112 or less. If you earn more, the co-contribution reduces progressively. If you earn \$56,112 or more, the co-contribution does not apply.

From 1 July 2017, in addition to these requirements you must have a total superannuation balance less than the transfer balance cap (\$1.7 million for the 2021-22 financial year) at

the end of 30 June of the previous financial year, and must not have contributed more than your non-concessional contributions cap. You also need to be less than 71 years old at the end of the financial year in which you make the contribution.

There are other requirements to be eligible for a co-contribution. Please refer to the ATO website.

You don't need to apply for the co-contribution, the ATO will pay the amount into your super fund after you have completed your tax return.

## Work Test exemption

Individuals aged 67-74 may be eligible to make non-concessional voluntary contributions for a 12 month period, without having to meet the Work Test.

To be eligible, you would need to meet the following criteria:

- Satisfied the Work Test in the financial year prior to the year you make a contribution, and
- Have a total super balance below \$300,000 at the end of the previous financial year, and
- Have not made contributions under this exemption measure previously, and
- These contributions will still be subject to the \$110,000 non-concessional contributions cap.

## Downsizer contributions

Individuals aged 65 and over are eligible to make a non-concessional contribution of up to \$300,000 or \$600,000 per couple from the proceeds of selling their home – to be counted towards a downsizer cap.

Existing non-concessional contribution restrictions placed on individuals aged 65 and older (e.g. having to meet the Work Test from age 67) and those aged 75 and older will be lifted when contributing via this measure.

The downsizer contribution can still be made regardless of your total super balance. However, when your total super balance is re-calculated at the end of the financial year, your downsizer contribution amount will count towards your total super balance.

To better understand this measure and your eligibility to participate, please refer to the *Downsizing contributions into superannuation factsheet (FS032)* available from our website at [esssuper.com.au/publications](https://esssuper.com.au/publications), or call our Member Service Centre.

## Access to non-concessional contributions

All contributions paid into super after 30 June 1999, including non-concessional contributions, must be 'preserved' in accordance with superannuation legislation. Therefore, you can't withdraw these contributions until you have met a 'condition of release' such as permanent retirement from the workforce after your preservation age (which varies from 55 to 60 depending on your year of birth). Please refer to the *Product Disclosure Statement (PDS)* on our website at [esssuper.com.au/pds](https://esssuper.com.au/pds), for full details of preservation of benefits.

## Learn more

If you'd like to learn more about after-tax contributions the following factsheets could be helpful:

- *Access to super and tax (FS004)*
- *Boosting your super (FS006)*
- *Consolidate (roll over) your super (FS016)*
- *Spouse accounts (FS013)*

You can access these on our website at [esssuper.com.au/publications](https://esssuper.com.au/publications)

If you have any questions or wish to make a one-off or regular after-tax super contribution, see our *Accumulation Plan Product Disclosure Statement* and *Contributing to super guide (AP.1)* available on our website at [esssuper.com.au/pds](https://esssuper.com.au/pds). Alternatively, call our Member Service Centre on 1300 650 161 (emergency services members) or 1300 655 476 (state super members).

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