Smart Super Strategies

Superannuation can be one of the most tax effective ways to build your retirement nest egg. There are a range of strategies you can consider to boost your super savings

1. Track down your super

One way to find out where your super is located is by checking the statements you have received from each of your previous super funds. If you can't trace your super, it may be classified as unclaimed, which means the ATO is holding it on your behalf.

You can check whether any unclaimed super belongs to you by visiting the myGov website (mygov.gov.au) or asking your current super fund to conduct a search on your behalf using a system called SuperMatch

2. Consolidate your super

Having more than one super fund means you could be paying unnecessary fees and insurance premiums on each one. Combining all your super funds and insurance into one can make your super easier to track, simpler to manage and ensure you save on fees and charges.

3. Make regular salary sacrifice contributions to super from your wages

Currently, most employees receive super guarantee (SG) contributions from their employer of at least 11% of their salary. Making super contributions directly from your gross (pre-tax) salary can be an easy and tax-effective way to top up your super. Including super guarantee, you can generally contribute up to $27,500 p.a. from the 2024 financial year onwards. This is known as your concessional contribution cap.

If you have a total superannuation balance of less than $500,000 just before the start of the financial year, you may be able to use 'unused concessional contributions' accrued from 1 July 2018 over a rolling five-year period.

Salary sacrifice is generally taxed at 15% upon entering your super. This may represent a significant tax saving, compared to tax paid on wages, which can be as high as 47% including the Medicare Levy.

Making small, but regular contributions can also allow you to benefit from 'dollar cost averaging'.

The theory behind this strategy is that you can reduce the market timing risk of investing your entire portfolio in a single transaction when the unit price is increasing. In other words, if you invest a lump sum on a day when the market is up you will purchase a lower number of units compared to a day when the market is lower. Please check your available concessional contribution cap for the financial year before making this type of contribution.

4. Make a personal tax-deductible contribution from your bank account

You can generally claim a full tax deduction for personal contributions you make to super. While still subject to the concessional contributions cap of $27,500 p.a. and contributions tax of 15%, this strategy may still assist with reducing the tax on your income.

If you have made a considerable capital gain from the sale of a property or shares, your deductible contribution may help to offset your assessable capital gain. It may also boost your super balance for retirement.

To make a personal tax-deductible contribution, you need to submit a valid deduction notice to your super fund within strict timeframes, and have it acknowledged by your fund in writing. Please check your available concessional contribution cap for the financial year before making this type of contribution.

5. Take advantage of the government co-contribution.

You may be eligible for the government co-contribution of up to $500. To encourage you to save for your retirement, if your total income is $43,445 p.a. or less and you make a $1,000 after–tax contribution to super, the Government will generally contribute $500 to your super. The maximum $500 government co–contribution reduces by 3.33 cents for every dollar you earn over $43,445 p.a. and ceases once your total income reaches $58,446 p.a.

When determining eligibility for the Government co–contribution, earnings that are salary sacrificed to super and reportable fringe benefits come under the definition of total income. If you fit within the income thresholds outlined above, and satisfy some other conditions, contributing to your super from your after–tax salary before the end of the financial year may be a great way to top up your super, and get an extra boost from the Government. Please check your eligibility on the ATO website before making a decision to do this.

6. Make a contribution to your spouse's super fund to receive a tax offset.

If your spouse is aged below 75, you may be able to receive a tax offset of up to $540 against your taxable income by making a $3,000 after tax contribution to their super fund.

If your spouse's assessable income, reportable employer super contributions and reportable fringe benefits are under $37,000pa, you will receive an 18% tax offset on the first $3,000 you contribute on their behalf, up to $540 p.a. The offset operates on a sliding scale and phases out to zero once their income exceeds $40,000 p.a.

7. Split super contributions with your spouse

If you have a spouse, you are permitted to transfer certain super contributions from the previous financial year to the super account of your partner. Splits cannot be done once the receiving spouse turns 65.

You can do this every year, generally once the financial year has ended. Up to 85% of taxable (concessional) contributions (up to the concessional contributions cap) such as super guarantee, salary sacrifice, and personal tax–deductible contributions made to super can be transferred. This may assist with boosting your spouse's super balance over the long term.

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For more information, please contact us.

1300 349 188
contact@yourlifestyle.com.au
yourlifestyle.com.au