

Contribution limits for defined benefit members



For the year ending 30 June 2018

The following contribution limits affect the defined benefit portion of your account

Your notional contribution

For defined benefit members, the trustee is required to calculate a notional contribution, which will count towards your concessional contributions cap.

Because the value of your benefit is not directly linked to the actual contribution being paid by you or your employer, the notional contribution includes a notional value financed by your employer.

This amount is determined by the trustee's actuary who uses a formula set by the government, and is reported to the Australian Taxation Office. Based on this formula, our actuary has confirmed that the notional contribution for all defined benefit members (after allowing for member contributions) is as follows:

Notional contributions for the year ending 30 June 2018: \$0

The following contribution limits affect your defined benefit member contributions and your accumulation account

These limits apply in total across all the funds to which you contribute, they are not a cap for each fund.

Funds will be required to report concessional and non-concessional contributions to the ATO. The ATO will issue notices to members if the relevant contribution caps have been exceeded.

Concessional contribution cap

The amount of before-tax contributions (which includes employer and any salary sacrifice contributions) contributed to your super each year is subject to a limit, known as the concessional contribution cap.

From 1 July the cap on concessional contributions will be \$25,000 a year.

Individuals with an annual income (including concessional contributions) higher than \$250,000 will effectively be taxed at 30% rather than 15% on their concessional contributions. The additional tax only applies to those contributions that, when added to your income, exceed \$250,000.

Non-concessional contribution cap

The amount of after-tax contributions (includes your 3%, 3.5%, 4% or 6% member contributions) and any personal contributions you contribute to any other super account you hold are also subject to an annual limit, known as the non-concessional contributions cap.

From 1 July 2017, the cap on non-concessional contributions will be reduced to \$100,000 a year (down from \$180,000).

You can bring forward three years' worth of the contribution cap if you are under 65. (This applies to your accumulation account.) Transitional rules apply to people who have triggered a bring-forward option on or before 30 June 2017 (when the cap was \$180,000).

If your total superannuation balance is \$1.6 million or more, any non-concessional contributions you make will be treated by the ATO as exceeding the cap. If you are required to make non-concessional contributions to your defined benefit account to maintain the growth of your benefit entitlement, these will be deemed excess contributions and may be taxed at the top marginal tax rate of 47%.

Your options

To avoid the excess tax you may elect to withdraw an offsetting amount from an accumulation account. The earnings on the excess contributions will need to be included as assessable income in your tax return. Alternatively, you may reduce your member contribution rate to zero which means your benefit entitlement will only grow in line with salary increases. Before making any decision about your defined benefit account please contact us. One of our financial planners can talk to you about your options.



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