

Managing contribution caps for Police Blue Ribbon insurance members



Eligible police officers receive compulsory Police Blue Ribbon Insurance (PBRI) cover with First State Super.

This is funded by employer and officer salary sacrifice PBRI contributions which count towards the annual \$25,000 concessional (before tax) contributions cap¹. An arrangement is currently in place that makes the full cap available for officers to boost their super, by providing a reimbursement of any penalty charged for exceeding the cap due to PBRI contributions.

How it works

Contributions
(before tax) come into
your super accounts

Contributions include:

- ➔ Superannuation Guarantee (SG)
- ➔ Salary sacrifice
- ➔ Insurance²
- ➔ Defined benefit

Limits apply to how much
you can contribute

Contribution cap (before tax):

- ➔ \$25,000 per year for all before tax contributions made¹

Keep an eye on all
your accounts that count
towards the cap

Your accounts include:

- ➔ Main super account
- ➔ Insurance only account
- ➔ Any other super accounts
- ➔ Defined benefit account (if applicable)

PBRI contributions may
push you over the cap

The ATO will notify you:

- ➔ If you exceed the limit

Apply for a reimbursement if you:

- ➔ exceeded the cap due to PBRI contributions, and
- ➔ receive an excess contributions tax assessment from the ATO.

Important! Apply directly to NSW Police Force Payroll Governance to claim a reimbursement. See the NSW Police Force intranet for more information.³

Case study

The example below shows an officer with Police Blue Ribbon insurance cover who is also making voluntary salary sacrifice contributions to boost their super.

NSW Police Force Sworn Officer

| | |
|---|-----------------|
| Employer SG | \$12,000 |
| Voluntary salary sacrifice | \$10,000 |
| PBRI contributions (<i>within cap</i>) | \$3,000 |
| Concessional contributions cap | \$25,000 |
| PBRI contributions (<i>outside cap</i>) | \$8,000 |
| Total before-tax contributions | \$33,000 |

! Excess contributions tax will be assessed by the ATO against the amount the cap has been exceeded by: \$8,000. A reimbursement would apply to tax charged on excess contributions caused by PBRI contributions: \$8,000.

We're here to help!

We provide members with advice on simple topics such as contributions and insurance at no additional cost, or more comprehensive financial advice for a fee. Make a no-obligation appointment online at firststatesuper.com.au/advice

➔ For more information on contributions and relevant caps visit firststatesuper.com.au/boost

1 The concessional (before tax) contributions cap for the 2018-19 financial year is \$25,000. From 1 July 2019 you can use any of your unused cap amounts on a rolling five-year basis if your total superannuation balance was under \$500,000 at the end of the previous financial year.

2 Insurance contributions could include employer and officer salary sacrifice PBRI contributions as well as any subsidy you may receive if you also have automatic insurance cover through First State Super.

3 Reimbursements could affect other entitlements or payroll deductions such as child support, family allowances or Medicare levy due to increasing gross salary to effect reimbursement.



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