



“The Bottom Line” SIMMONDS LE-FEVRE

Tax & Super Information that's Important to You

October 2024



Making contributions later in life

Superannuation laws have been simplified over recent years to allow older Australians more flexibility to top up their superannuation. Below is a summary of what you need to know when it comes to making superannuation contributions.

About this newsletter

Welcome to your tax and super update from Simmonds Le-Fevre. This newsletter is aimed at keeping you on top of the issues you need to know about and changes as they happen. If you have any queries don't hesitate to contact us.

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Adding to super

The two main types of contributions that can be made to superannuation are called concessional contributions and non-concessional contributions.

Concessional contributions are before-tax contributions and are generally taxed at 15% within your fund. This is the most common type of contribution individuals receive as it includes superannuation guarantee payments your employer makes into your fund on your behalf. Other types

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of concessional contributions include salary sacrifice contributions and tax-deductible personal contributions. The government sets limits on how much money you can add to your superannuation each year. Currently, the annual concessional contribution cap is \$30,000 in 2024/25.

Non-concessional contributions are voluntary contributions you can make from your after-tax dollars. For example, you may wish to make extra contributions using funds from your bank account or other savings. As such, non-concessional contributions are an after-tax contribution because you have already paid tax on these funds. Currently, the annual non-concessional contribution cap is \$120,000 in 2024/25.

Super contribution options for people under 75

If you're under 75, you can make and receive various types of contributions to your superannuation, such as:

- Compulsory superannuation guarantee contributions
- Salary sacrifice contributions
- Personal non-concessional (after-tax) contributions
- Contributions from your spouse
- Downsizer contributions from selling your home
- Personal tax-deductible contributions

Work test rule relaxed

After age 67, you'll need to meet the "work test" or qualify for a "work-test exemption" to make personal tax-deductible contributions. To satisfy the work test, you must work at least 40 hours during a consecutive 30-day period each financial year. Prior to 1 July 2022, the work test applied to most contributions made by individuals aged between 67 to 75, but now it only needs to be met for personal tax-deductible contributions. The good news is that you don't need to meet the work test for other types of contributions, so being retired won't stop you from contributing to superannuation.

So whether you are still working or retired, you can continue to make superannuation contributions to benefit you in retirement and beyond.

If you don't meet the work test condition, you can use the "work test exemption" on a one-off basis if your total superannuation balance on the previous 30 June was less than \$300,000 and you satisfied the work test requirements last financial year. Meeting this requirement will allow you to also make personal tax-deductible contributions to superannuation.

Super contribution options for people over 75

Once you turn 75, most superannuation contributions are no longer allowed. The only exceptions are compulsory superannuation guarantee contributions from your employer (if you're still working) and downsizer contributions from selling your home.

If you're about to turn 75 or have just passed that milestone, you still have one final chance to make or receive other contributions. Superannuation funds can accept contributions for up to 28 days after the month you turn 75. For example, if you turn age 75 in October, the contribution must be received by your superannuation fund by 28 November.

Final word

Changes to the contribution rules now allow more flexibility for people in their 60s and 70s to add to their superannuation. So whether you are still working or retired, you can continue to make superannuation contributions to benefit you in retirement and beyond. 💰

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