

# How much can I put into super?

From 1 July 2007 there will be limits on the contributions you can make to your super.

## Simpler limits on deductible contributions

Currently, age-based limits determine the amount of 'deductible' contributions you can make each year (such as employer Superannuation Guarantee payments and salary sacrifice amounts). From 1 July 2007, a single limit of \$50,000 per person per year will apply to everyone.

## Transitional measures

For the five years between 1 July 2007 and 30 June 2012, if you are aged 50 or over, or from the year you turn 50, you will be entitled to a transitional limit of \$100,000 per person per year. From 1 July 2012, this limit will revert to \$50,000 per person per year (indexed).

Excess contributions will be taxed at 46.5% (including the 15% super contributions tax) and will count towards your undeducted limit. Penalty tax can be paid from the monies in your superannuation account.

Age-based limits vs new deductible limit

Age	Before 1 July 2007	From 1 July 2007
Under 35	\$15,260	\$50,000
35 to 49	\$42,385	\$50,000
50 and over	\$105,113	\$50,000*

\* A transitional limit applies

### Tips:

- Check your super statements to make sure you have provided your TFN to your fund, otherwise your deductible contributions will incur tax at the highest rate.
- Younger people could consider adopting a salary sacrifice strategy to accelerate their super contributions earlier; 'catch up' strategies using large contributions closer to retirement will no longer be permitted.
- Over 50s can utilise the transitional measures and could consider making larger contributions for the five years between 1 July 2007 and 30 June 2012.

# How much can I put into super?

## New limits on undeducted contributions

Currently, there is no limit on the level of undeducted contributions you can make to super. However, with the removal of Reasonable Benefit Limits and the introduction of tax free super for the over 60s, contribution limits will apply.

## Transitional measures

Until 30 June 2007, anyone can contribute up to \$1 million to their super. Those over age 65 wanting to contribute, will need to meet a work test.

## From 1 July 2007

An annual limit of \$150,000 per person per year will apply.

Those under 65 will be able to bring forward two years worth of contributions, enabling them to contribute up to \$450,000 in one year.

Certain payments will be excluded from the annual limit:

- Proceeds from the sale of small business assets up to a lifetime limit of \$1 million.
- 'Settlements' received for injuries relating to permanent disablement.

Contributions in excess of the limit will be taxed at 46.5% which can be released and paid from your super fund.

### Tips:

- Check your super statements to make sure you have provided your TFN to your fund, otherwise your undeducted contributions will not be accepted.
- Couples could utilise the window of opportunity before 30 June 2007 and contribute up to \$2 million.
- After 30 June 2007, couples under 65 can contribute up to \$900,000 in one year.
- Retired? Over 65? Re-enter the workforce; meet the work test of 40 hours in 30 consecutive days to be eligible to contribute to super.

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