



# Superannuation

AND ITS TAX IMPLICATIONS

# What is superannuation (super)?

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- Superannuation is money paid by your employer to a super fund for your retirement, as well as money you choose to pay yourself from after-tax dollars.
- When you retire (or under extraordinary circumstances such as serious illness), you are able to withdraw your super money.
- Be sure to get started early on your super! You can choose your own super fund, or your employer can choose for you.
- The money is invested into diversified investments such as property, infrastructure assets, listed shares, cash and so on.
- Superannuation contributions and earnings are taxed at a concessional tax rate (before-tax) of 15% in your super fund.

# How much does my employer contribute to your earnings?

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From 1 July 2014, it is guaranteed that your employer must contribute at least 9.5% of your ordinary times earnings. There is an increase legislated to occur starting 1 July 2021:

1 July 2020 – 30 June 2021	9.50%
1 July 2021 – 30 June 2022	10.00%
1 July 2022 – 30 June 2023	10.50%
1 July 2023 – 30 June 2024	11.00%
1 July 2024 – 30 June 2025	11.50%
1 July 2025 – 30 June 2026 and onwards	12.00%

## **Employers are required to pay you super guarantee:**

- regardless of how much you have earned (earnings amount is not relevant);
- you are 18 years or older regardless of how many hours you work; and
- **under 18 years old, receiving super if you work more than 30 hours in a week.**

# What are the tax implications from super?

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- Super is not included in your taxable income.
- There are two types of contributions that can be made up to a contribution account:



**Concessional**



**Non-  
concessional**

# What are the tax implications from super?

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## 1. Concessional contributions

- Includes employer contributions and/or salary sacrificed contributions. Money paid into your super account by your employer is taxed at 15%.
- Salary sacrifice (salary packaging) is an arrangement with your employer where you forego (i.e. sacrifice) a part of your salary in return for your employer providing that benefit of the same, or similar value.
- From 1 July 2024, the concessional contributions cap is \$30,000. The increase is a result of indexation in line with average weekly ordinary time earnings (AWOTE).

# What are the tax implications from super?

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## 2. Non-concessional contributions

- Not assessable income of the superfund.
- Largely consists of excess concessional contributions, spouse contributions, and amounts paid by you from your after-tax salary.
- From 1 July 2024, the non-concessional contributions cap is \$120,000. This is reviewed annually to remain in line with average weekly ordinary time earnings (AWOTE). If you contribute more, you may have to pay extra tax.

# What happens if I take out my super?

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- If you're below 65, or below preservation age<sup>1</sup>, there are only extremely limited circumstances you can take money out of your super.
- **In very limited circumstances, you can access your super early:**
  - on medical, compassionate, hardship and incapacity grounds;
  - under the First Home Super Saver Scheme – to withdraw voluntary contributions you've made to your super;
  - if you're a temporary resident and are leaving Australia; and
  - if your super account balance is less than \$200 and your employment is terminated, or you have a 'lost super' account with a balance less than \$200.

<sup>1</sup> The age at which you can access your super if you're retired.



# How can I receive my super?

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There are 3 options when you are receiving your super.

1. Choosing to receive your super as an income stream:

- Beneficial because it facilitates in managing your spending and income.

2. Choosing a lump sum:

- Allows you to place your own investments to earn greater returns.

3. Combination of both.

**No option is better than the other, it is entirely situational. Be sure you seek proper **financial and taxation** advice.**



# Income stream withdrawal

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**A super income stream involves a series of regular payments from your super fund (paid at least annually).**

- **an account-based super income stream** including:
  - regular payments from a retirement phase account;
  - a transition to retirement income stream; and
  - a market-linked pension that started on or after 1 July 2017.
  
- **a capped defined benefit income stream** including:
  - a lifetime pension, regardless of when it started; and
  - a lifetime annuity, life expectancy pension or annuity, or market-linked pension or annuity that existed before 1 July 2017.
  
- **an innovative retirement income stream:**
  - a deferred lifetime product that did not meet the annuity and pension standards before 1 July 2017.

# Income stream withdrawal

Taxed super fund	Taxpayer is at least 60	Taxpayer is less than 60 (preservation age)
<b>Taxable component</b> (the super fund has paid tax on (taxed element))	Tax free	Your marginal tax rate plus medicare levy – however, if you receive the income stream as a disability super benefit, you are entitled to a tax offset of 15% on the taxed element
<b>Taxable component (the super fund has not paid tax on (untaxed element))</b>	Marginal tax rate plus medicare levy	Marginal tax rate plus medicare levy
<b>Tax-free component</b>	Tax free	Tax free



# Lump sum withdrawal

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- If your super fund allows it, you may be able to withdraw some or all of your super in one or more 'lump sum' payments.
- Once you take a lump sum out of your super, it is no longer considered to be super. If you invest the money, earnings on those investments are not taxed as super and may need to be declared in your tax return.

# Lump sum withdrawal

Taxed super fund	Taxpayer is at least 60	Taxpayer is less than 60 (preservation age)
Taxable component (Taxed element)	Tax free	Your marginal tax rate or 22%, whichever is lower (including Medicare levy).
Taxable component (Untaxed element)	Your marginal tax rate or 17%, whichever is lower	Your marginal tax rate or 32%, whichever is lower – unless the sum of the untaxed elements of all super lump sum benefits received under the super plan exceeds the untaxed plan cap.
Tax-free component	Tax free	Tax free

# What was mentioned in the 2025-2026 budget regarding super?

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- The 2025-26 Federal Budget is aimed to deliver cost-of-living relief as well as boosts to health funding and Medicare, housing and education.
- The key announcement related to super are measures aimed at strengthening and expanding compliance with superannuation liabilities.
- The 2025–26 Budget did not introduce new superannuation measures, but key proposals like Payday Super, the \$3 million super tax, and financial advice reforms remain in progress.
- The government has committed \$50 million in additional funding over three years, from 1 July 2026, for an ATO program aimed at ensuring timely payment of tax and superannuation liabilities. Known as the Tax Integrity Program, it will focus on medium and large businesses and wealthy groups. This aims to provide employees with an estimated \$31 million in unpaid superannuation over five years from 2024-25 financial year.



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