Fact Sheet

180 YEARS | Australian Unity Real Wellbeing

What are the limits on superannuation contributions 2020/21?

Superannuation rules limit the amount of money that you can contribute into the tax advantaged superannuation system.

Concessional contributions

Concessional contributions are amounts paid into your superannuation that receive a concessional (or lower) tax rate. They are contributions made into your super from money that is yet to be taxed.

There are several types of concessional contributions. The most common are employer contributions, salary sacrificed amounts and contributions you are allowed as a tax deduction (also known as a personal deductible contribution).

A limit of $25,000 applies to concessional contributions for the current financial year. This limit may be increased by catch up concessional contributions.

When a concessional contribution is made into your superannuation, 15 percent tax is deducted by the superannuation fund. i.e. if you make a $10,000 concessional contribution, the net amount added to your super is $8,500.

If you access these amounts under age 60, additional tax may be payable.

Please note if you are aged 67 to 74, you generally have to pass a work test to be eligible to contribute to superannuation. The exception to this rule is if you have satisfied the work test in the previous financial year and your total superannuation balance at the beginning of the financial year is less than $300,000. If you meet these two criteria you will be able to make voluntary contributions (personal and employer) into superannuation without having to satisfy the work test. You cannot make personal contributions once you reach age 75.

Non-concessional contributions

Non-concessional contributions are amounts added to your superannuation from money that has been taxed. Included are personal contributions you have not claimed as a tax deduction and any spouse contributions you made directly into a spouse's superannuation account.

A limit of $100,000 applies to non-concessional contributions for the current financial year. You can access this limit only if your total superannuation balance on 30 June of the previous financial year is less than $1.6 million.

If you are under age 65 and have less than $1.4 million in super at the beginning of the financial year, you can bring forward up to two years of non-concessional contributions to contribute up to $300,000 in the current financial year, assuming you have not triggered the 'bring forward' provision in the previous two financial years.

If you use the 'bring forward' provision, you cannot contribute more than the combined $300,000 limit over those three financial years.

Modified limits apply if your balance is between $1.4 and $1.6 million. Non-concessional contributions are not taxed in the fund and once accessible, can be withdrawn tax-free.

Rolling money to an income stream

The transfer balance cap limits how much super can be transferred from your accumulation account in to tax-free retirement phase pensions. The transfer balance cap is $1.6 million per person.

The Low-Income Superannuation Tax Offset (LISTO)

If you have adjusted taxable income less than $37,000 p.a. and at least 10 percent of your income comes from employment or business activities, you may qualify for the Low-Income Superannuation Tax Offset. This effectively refunds up to $500 of tax deducted from concessional contributions (15 percent on first $3,333 of contributions). This is refunded directly into your superannuation fund to boost your savings.

The Government co-contribution

If you have at least 10 percent of your income from employment or business activities and less than $1.6 million in super you may qualify for a government co-contribution.

The co-contribution is paid at 50 percent of eligible non-concessional contributions up to a maximum co-contribution of $500. You will cease to be eligible for any co-contribution if your income exceeds $54,837 p.a.

Catch up concessional contributions

You may contribute more than the general concessional contributions cap by accessing unused concessional contributions accrued since 1 July 2018 onwards. To be eligible, you must have a total superannuation balance of less than $500,000 on 30 June of the previous financial year and unused concessional cap amounts accrued from 1 July 2018 onwards.

These carry forward unused amounts are available for a maximum of five years and after this period, will expire.

Spouse contributions

If your partner's relevant income is $37,000 or less, they have less than $1.6 million in super and have not exceeded their non-concessional cap for the year, you could qualify for a tax offset of up to $540 on the first $3,000 you contribute to superannuation for them from your after-tax income. The available tax offset reduces as your partner's income increases above $37,000 p.a. and phases out when their income reaches $40,000 p.a.

Concessional contributions for high income earners

If your income plus concessional contributions (within cap limits) exceed $250,000, you will be charged an additional 15 percent tax on the contributions that take your income above the $250,000 threshold.

Downsizer contributions

If you are over the age of 65, you are able to contribute up to $300,000 to superannuation from the sale proceeds of your principal residence. You can only use this for one home and the home must have been owned for at least 10 years. A couple may contribute up to $300,000 each.

Downsizer contributions are non-concessional contributions and do not count towards the contribution limits. You can also make the contributions at any age (above age 65) without needing to meet a work test.

Penalties for exceeding contribution caps

Excess concessional contributions are taxed at your marginal tax rate, plus a tax penalty on the interest component. You can elect to withdraw up to 85 percent of your excess contributions, or leave the amount in your fund, where it will also be counted against your non-concessional contributions cap.

Excess non-concessional contributions are taxed at 45 percent (plus Medicare) unless you withdraw the excess amount plus 85 percent of associated earnings. The associated earnings are taxed at your marginal tax rate.

	Maximum rate of tax*		Maximum rate of tax*	
Your age at time of contribution	Personal contributions	Contributions made by someone other than member or employer (eg spouse contributions)	Voluntary (eg salary sacrifice)	Mandated (eg superannuation guarantee)
Under age 67	Contributions can be made at any time	Contributions can be made at any time	Contributions can be made at any time	Contributions can be made at any time
67 to 69*	Only if work test is satisfied^	Only if work test is satisfied^ (unless a downsizer contribution)	Only if work test is satisfied^	Contributions can be made at any time
75+	Only downsizer contributions*	No	Only if work test is satisfied^	Contributions can be made at any time

* For downsizer contributions, you must be at least age 65 at the time of the contribution with no upper age limit

^You meet the work test if you have been gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

New exemption from work test

Individuals aged 67 to 74 with total superannuation balances below $300,000 can make voluntary contributions (both member and employer) to their superannuation for 12 months from the end of the financial year in which they last met the work test.