Superannuation tax concessions explained

When you put money into your superannuation, most of the time you won't be able to access it until you retire.

This may be many years away, which is one of the reasons why the government applies different taxes to super than it does to other savings. It can be a little confusing, but this covers the basics.

Tax on contributions

There are two types of contributions you can make to your superannuation, and they are taxed at different rates on the way into your fund: concessional contributions and non-concessional contributions.

Concessional contributions

These are contributions that are made using your before-tax income. They include the Superannuation Guarantee (the amount of super your employer has to pay into your fund by law), any additional contributions you make via salary sacrifice, and any personal contributions from your after-tax income for which you claimed a tax deduction.

Tax	If your 'income' + concessional contributions is $250,000 or less:	15%
	If your 'income' + concessional contributions is over $250,000:	30%*

Cap on how much super you can contribute	**$30,000^** for 2024-25

* When working out what rate of tax you will pay on your concessional contributions, the ATO uses a special expanded definition of 'income'. The 30% tax rate may not apply to all of your concessional contributions. The exact calculation is quite complex – for more information, go to the **ATO website**.

^ If your total super balance was less than $500,000 as at 30 June 2024 and your concessional contributions in 2023-24 were less than that year's cap of $27,500, you may be able to 'carry forward' any unused part of the cap to use within the next five years.

Non-concessional contributions

These are contributions that you make using your after-tax dollars, which you have not claimed as a tax deduction.

Tax	The money has already been taxed at your marginal tax rate, so no additional tax is applied.

Cap on how much super you can contribute	**$120,000*** for 2024-25 **$360,000^** over a two or three-year period

* If your super balance was less than $1.9 million at 30 June 2024.

^ If you are under age 75 you may be able to contribute up to $360,000 over a two or three-year period, depending on you super balance as at 30 June of the previous financial year.

Tax on investment earnings

These are contributions that you make using your after-tax dollars, which you have not claimed as a tax deduction.

Tax

15% nominal rate of tax#
on investment earnings while you're accumulating super, no tax in retirement when drawing down a qualifying income stream (this excludes a Transition to Retirement Income Stream).

\# The Government has announced changes to the tax on super 'earnings' from 1 July 2025 if a person's total super balance exceeds $3 million. An additional 15% tax will apply to the portion of earnings that relates to the amount of the balance over $3 million. This is not yet law.

Tax on withdrawals in retirement

When you retire, you can either take your super as an income stream or a lump sum.

Tax

For those aged 60 and over: income streams from a fund where tax has been paid are tax free, lump sum withdrawals from such funds are also tax free.

For persons aged under 60 and/or when the benefit is paid from a fund which has not been subject to taxation (such as some state government super funds): tax is paid at various concessional tax rates.

Note: The contribution cap rules are quite complex. The amount you are able to contribute can change depending on your personal circumstances, including your age and your super balance. If you are planning to make contributions close to the cap amounts, we recommend that you check the ATO website for further information and consider speaking to a financial adviser.

GURU tip Investing your super in an income-stream product can help make it last for longer. Speak to your fund or adviser, who will be able to help you make a choice.