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 taxable income + super contributions less than $250,000	**15%**
	If taxable income + super contributions over $250,000:	**30%**

Cap on how much super you can contribute	**$25,000** per year

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	**$100,000*** per financial year
	$300,000* over a three-year period

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).

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.

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.