

SMSF FACT SHEET



CAVENDISH

Contributions

Cavendish will often ask the Trustee to confirm contribution transactions. This fact sheet summarises the answers to some frequently asked questions about the types and impact of contributions within an SMSF.

WHY WE ASK

Whilst Cavendish can provide guidance as to what constitutes the various types of contributions, the Trustee must identify and confirm the type of contribution so Cavendish can correctly prepare the financial accounts and member statements.

CONTRIBUTION TYPES

There are two types of contributions that can be made to a superannuation fund, “concessional” and “non-concessional”.

Concessional Contributions

Otherwise known as “before-tax” or “deductible”, concessional contributions are taxed at 15% on entry to a fund. The following are generally classified as concessional contributions:

- Employer contributions (e.g. superannuation guarantee and salary sacrifice)
- A fund expense paid by your employer
- Personal tax-deductible superannuation contributions.

A tax deduction is available to individuals who earn less than 10% of total assessable income (plus reportable fringe benefits) from employment as an employee. To do this a person must be self-employed, substantially self-employed, unemployed or retired.

Non-concessional Contributions

Sometimes referred to as “after-tax” or “undeducted”, non-concessional contributions are contributions made by someone, not an employer, for which a tax deduction is not claimed. They are not included as assessable income of the fund and the party making the contribution is not entitled to a tax deduction. The following contributions would generally be classified as non-concessional contributions:

- A fund expense which you pay personally and are not reimbursed by the fund
- Personal non-deductible contributions
- Spouse Contributions
- Government Co-contributions
- Payments that relate to structured settlements or orders for personal injuries, and
- CGT cap amounts resulting from the proceeds of a sale of a small business

SECTIONS

- ❖ Why We Ask
- ❖ Contribution Types
- ❖ Contribution Caps
- ❖ Eligibility

CONTRIBUTION CAPS

Both types of contributions are subject to annual limits or “caps” which are per-person, per-year and include contributions to all superannuation funds the person is a member of, not just their SMSF.

Members exceeding these caps are liable to pay an excess contributions tax. The following caps are for the 2016-17 income year:

Contribution Type	Member under 49 at 1 July	Member aged 49 to under 65	Member aged 65 to under 75 ^{#1}
Concessional	\$30,000	\$35,000	\$35,000
Non-concessional	\$180,000 ^{#2}	\$180,000 ^{#2}	\$180,000

1. Subject to eligibility – see below

2. Member's aged under 65 on 1 July of a Financial Year may bring forward up to two years non-concessional contributions. The current maximum contribution a member can make in any three year period is \$540,000.

The following are the main types of contribution that count towards a member's non-concessional contribution cap:

- Personal non-deductible contributions
- Spouse contributions

ELIGIBILITY TO CONTRIBUTE

There are rules governing whether a member can contribute to the fund dependent on the age and the type of contributions. Contributions can only be made for or by a member who meets one of the following criteria:

- under age 65
- aged 65 but under age 75 and has been “gainfully employed” for at least 40 hours within 30 consecutive days in the same financial year, or
- the contribution is a mandated employer contribution, including an employer's SG contribution

If you would like more in-depth information about contributions, you can visit www.cavendishsuper.com.au.

+ **For further information please call us or visit our website.**

+ **T 1800 808 354**

+ **F (08) 8212 6747**

+ **M GPO Box 9981
Adelaide SA 5001**

+ **W www.cavendishsuper.com.au**



CAVENDISH

This fact sheet has been prepared by SMSF Operation Pty Ltd. Copyright © 2016 SMSF Operation Pty Ltd.

Disclaimer: The material contained in this publication is in the nature of general comment and information only and neither purports nor is intended to be advice on any particular matter. Readers should not act or rely upon any matter or information contained in or implied by this publication without taking appropriate professional advice.