

June 2023

Superannuation Thresholds

For 2023/24 Financial Year

Analyst

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Concessional Contributions

Deduction limits are as follows:

All individuals* \$27,500 per annum per person (indexed)

** Individuals over age 67 must meet a 40hr over 30 consecutive day work test first if making personal deductible contributions.*

The annual threshold will increase in increments of \$2,500 based on AWOTE.

Div 293 tax: Adjusted Taxable Income# over \$250,000

Additional 15% contributions tax on concessional contributions over \$250,000

#Concessional contributions are added back to calculate ATI

Non-Concessional Contributions

Up to age 75 \$110,000 per annum per person**; or

Up to \$330,000 averaged over 3 years

The non-concessional contribution cap is '4 times' the concessional contribution cap. Indexation will occur in line with the concessional contribution cap.

** The work test for individuals over age 67 is abolished from 1 July 2022 for non-concessional and other non-deductible contributions.**** Ability to make non-concessional contributions will depend on the member's total superannuation balance as at 30 June each financial year. If balance exceeds \$1.9 million @ 30.06.23 the member will be unable to make any non-concessional contributions in the next financial year. The \$1.9m cap will index based on AWOTE.*

Low Rate Cap Amount

The Low Rate Cap Amount for superannuation lump sum cash payments paid on or after 1 July 2021 (excluding employer ETPs) will be:

- \$235,000

Untaxed Plan Cap Amount

The untaxed plan cap amount applies to each superannuation plan from which a person receives superannuation lump sum member benefits.

- \$1.705 million

Tax-free amounts of genuine redundancy and early retirement scheme payments.

The tax-free amounts of a genuine redundancy payment or an early retirement scheme payment are:

- \$11,985 plus \$5,994 for each complete year of service.

Super Co-Contribution

Individuals must make a personal, non-concessional contribution into their Superannuation fund to register for the Co-contribution scheme. Eligibility based on assessable income (plus reportable fringe benefits), and age*.

Income threshold for full \$500 govt. co-contribution	\$43,445 pa
Maximum income threshold (when payment cuts out) (Payments reduce by 3.33 cents for each additional \$1 over \$43,445 pa.)	\$58,445 pa
Must be less than 71 years old at the end of the Financial Year to be eligible.	

Super Guarantee Maximum Contribution Base and SGC Rate

Per Quarter	\$62,270
Per Annum	\$249,080

Employers are only obliged to pay the super guarantee rate up to this maximum earnings base for each employee. Support is not required for the part of earnings above this limit.

The age limit for SGC eligibility was abolished from 1 July 2013.

The SGC rate increases to 11.0%.

CGT Cap Amount

The CGT cap applies to all excluded CGT contributions and is a lifetime, indexed amount. Excluded CGT contributions do not count towards the non-concessional contribution cap.

- Lifetime Limit \$1.705 million

Limit applies where eligible small businesses qualify for small business CGT concessions

Life / Death Benefit Employment Termination Payments

The Lower Cap amount for life / death benefit termination payments is:

- \$235,000 (not to be confused with the 'Whole of Income Cap' - see below)

The amount up to the ETP cap will be concessional tax. The amount in excess of the ETP cap will be taxed as per the following table.

Taxpayer's age	Tax Treatment
Under preservation age on the last day of the income year in which the payment is made.	Up to a maximum of \$235,000: taxed at 30% + M/L; and
	Amount over \$235,000: taxed at marginal tax rates + M/L.
Over preservation age on the last day of the income year in which the payment is made.	Up to a maximum of \$235,000: taxed at 15% + M/L; and
	Amount over \$235,000: taxed at marginal tax rates + M/L.

From 1 July 2012 the ETP tax concessions will not apply if total annual taxable income exceeds \$180,000 (Whole of Income Cap) where the ETP payment is from a non-genuine redundancy payment e.g. golden handshake. The amount of the ETP not eligible for the ETP tax offset will be taxed at the rate of 47%. The WOI cap is not indexed.

Minimum Factors for Pensions & Annuities

It is unlikely the 50% reduction will continue to apply in the 2023/24 financial year.

Age	Minimum Payment - % of Account Balance	Age	Minimum Payment - % of Account Balance
Under 65 years	4%	85 - 89 years	9%
65 - 74 years	5%	90 - 94 years	11%
75 - 79 years	6%	Over 95 years	14%
80 - 84 years	7%		

Preservation Age

The following table outlines the preservation age (SIS reg 6.01(2)) for individuals depending on when the individual was born.

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

General Transfer Balance Cap and Total Super Balance Cap

The general pension transfer balance cap applies to retirement income streams including account-based pensions, annuities, defined benefit pensions and market-linked pensions.

The 2023/24 cap is:

- \$1.9 million

The total super balance cap applies to non-concessional contributions for the next financial year, based on previous 30 June amounts. The 30 June 2023 cap is:

- \$1.9 million

Defined Benefit Income Cap

For members of funded Defined Benefit schemes, 50% of total pension amounts over the cap will be taxed at the member's marginal tax rate.

For members of **unfunded** Defined Benefit schemes, where total pension payments exceed the cap, the sum of tax offsets is reduced to 10% of the amount in excess of the cap.

The cap for 2023/24 is:

- \$118,750

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