

Superannuation

Superannuation can be a tax effective way of building wealth for your retirement. The tax rates imposed on superannuation funds are as follows:

- Contributions Tax is a maximum of 15%
- Investment income is taxed at a maximum of 15%
- Capital Gains are taxed at a maximum of 10%, provided the asset has been owned by the superannuation fund for at least 12 months.
- Transition to Retirement Pension payments are taxed at 0% for those aged 60 plus. For those aged between 55 and 60, transition to retirement pension payments (less any tax free amount) will be taxable and receive a 15% tax offset.
- Superfunds converted to 'Account Based Pensions' (for those who have retired and aged 60+ or are over the age of 65) pay 0% tax on earnings and the Pension Payments are tax free on the individuals tax return.

These superannuation tax rates are in contrast to your marginal personal tax rate which can be as high as 49% (including the Medicare Levy).

When can I access my Superannuation?

From 1 July 1999, all contributions made to superannuation funds and all earnings in superannuation funds are fully preserved.

Superannuation benefits are restricted in that they generally cannot be accessed until the owner reaches their Preservation Age and has retired, or the owner reaches age 65. A person's Preservation Age will vary between age 55 and 60 depending on their date of birth (as outlined in the table below).

| 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 |

How much can be Contributed?

Concessional contributions (taxable/employer/salary sacrifice)

2024/2025 - \$30,000 per person

2025/2026 - \$30,000 per person

Non-concessional contributions (personal/no tax deduction claimed)

2024/2025 - \$120,000 per person

2025/2026 - \$120,000 per person

Concessional Contributions in excess of the individuals cap are included in their assessable income and taxed at their marginal tax rate (note: the individual will receive a 15% tax offset for the tax paid by the superfund). Unused concession contribution amounts can be carried forward for 5 years to increase an individuals cap. To qualify, an individuals to super balance must be below \$500,00 as of 30th June the prior year.

Employer Superannuation Guarantee

From 1st July 2025 the Superannuation Guarantee will be 12%.

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