



NUCLEUS WEALTH **EMPOWER**



SHELLEY GEORGE

CONCESSIONAL (PRE-TAX) CONTRIBUTIONS & CATCH UP CONTRIBUTIONS



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Disclaimer

Please keep in mind that any advice in this show is general in nature and doesn't necessarily relate to your personal circumstances. If you would like to discuss anything you can get in touch with us on 1300 623 863 or contact@nucleuswealth.com.

What are Concessional Contributions?

Why invest in Super?

Tax effective, low tax environment

It is a great place to grow you money and save for your retirement

Eligible contributions

- SG contributions
- Salary Sacrifice
- Personal deductible contributions

Yearly Concessional Contribution limit

- \$27,500 Cap per year from 1 July 2021
- \$25,000 in previous years.
- Indexed

Example 1

Earn \$100,000 p.a.

employer SG \$10,000 p.a. (10%)

concessional contributions cap of \$27,500.

You can either salary sacrifice \$17,500, or make a one-off lump sum personal deductible contribution of \$17,500

The income tax payable on your taxable income of \$100,000 is [\\$23,767](#) (including the 2% Medicare levy)

\$17,500 as a concessional contribution this reduces your taxable income to \$82,500 and the income tax payable to \$17,429.50.

An income tax saving of \$6,337.50.

With the \$17,500 contribution, you have to pay the Super contributions tax of 15% which is \$2,625.

Therefore you have contributed an extra \$14,875 ($\$17,500 - \$2,625$) into Super after the 15% contributions tax

you have also paid \$3,712.50 less tax overall ($\$6,337.50 - \$2,625$).

Now your money is in the low tax environment of Super

Australian Residents

Tax Rates 2021-2022

TAXABLE INCOME	TAX ON THIS INCOME
\$0 – \$18,200	Nil
\$18,201 – \$45,000	19c for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37c for each \$1 over \$120,000
Over \$180,000	\$51,667 plus 45c for each \$1 over \$180,000

Compulsory superannuation rate: 10.0%

Medicare Levy of 2% applies (not applicable to low income earners).
Maximum low and middle income tax offset (LMITO) increased to \$1500

Catch Up contributions

- From 1 July 2018
- TSB less than \$500k
- Rolling 5-year basis
- MyGov
- Can do PDC or SS
- Flexibility
- Reduce Capital Gains

Example 2 - Catch-up contributions

Earn \$100,000 p.a

SG contributions only

Financial Year	Concessional Contribution Limit	Concessional Contributions made (SG)	Unused Concessional Contributions	Unused Concessional Contributions that can be carried forward
2018/19	\$25,000	\$9,500	\$15,500	\$15,550
2019/20	\$25,000	\$9,500	\$15,500	\$31,050
2020/21	\$25,000	\$9,500	\$15,500	\$46,550
2021/22	\$27,500	\$10,000	\$17,500	\$64,050

Catch Up Contributions Example

- 2021/22 personal deductible contribution of \$64,050 utilising available catch up contributions
- reduce your taxable income from \$100,000 to \$35,950
- reduce amount of income tax you pay (incl 2% Medicare levy) from \$23,767 (tax payable on \$100,000) to \$2,716.50 (tax payable on \$35,950)
- An income tax saving of \$21,050.50 (incl 2% Medicare levy)
- On the \$64,050 Super contribution, you have to pay Super contributions tax of 15% which is \$9,607.50.
- Therefore you have contributed an extra \$54,442.50 ($\$64,050 - \$9,607.50$) into Super
- paid \$11,443 less tax overall ($\$21,050.50 - \$9,607.50$)
- Now your money is in the low tax environment of Super