

# Contributions

## Qudos Super

This fact sheet provides more detailed information about the different contributions that may be made into your super account in the 2018/2019 financial years and (subject to indexation of relevant thresholds) later financial years, based on laws at the date of preparation of this fact sheet. It's designed to be read in conjunction with the Qudos Super Product Disclosure Statement and is subject to review from time to time. For up to date tax information, from year to year, go to [www.ato.gov.au](http://www.ato.gov.au). This is a guide only and does not override legislative requirements applicable from time to time. The impact of the legislative requirements (including any tax consequences) depends on your personal circumstances. You should consider obtaining advice taking into account your personal situation.

Contributing to your super is easy. There are many different flexible and tax-effective ways in which you can contribute to build up your balance for the lifestyle you want come retirement. The tax treatment of your contributions will depend on the amount of contributions and your level of income.

The different types of contributions that we accept are shown below and overleaf.

### Contributions table

We must not accept or must refund contributions which superannuation funds are not allowed to accept under superannuation legislation (any refunds may be adjusted). For example, personal contributions cannot be accepted for a member whose Tax File Number (TFN) we do not hold. We have decided that applications for membership will not be accepted without TFNs so that the significant consequences of not holding TFNs are avoided. By law, you don't have to provide us your TFN, but this means you can't be a member of this product. Further information about TFNs is provided on page 4.

Contribution type	Who pays	Characteristics
<p><b>Employer Super Guarantee (SG)</b></p> <p>This is the mandated minimum employer contribution that most employers must pay for their employees.</p> <p>For tax purposes, this is known as a concessional contribution.</p>	Your employer	<p>If you're eligible, your employer must make a minimum quarterly payment on your behalf. The current rate is 9.5% of your ordinary time earnings (however this rate will increase over a number of years – go to <a href="http://www.ato.gov.au">www.ato.gov.au</a> for information about the rate applicable from year to year). Some employers may be required to pay more than this for employees covered by an award or other workplace arrangements.</p> <p>SG contributions are subject to contributions tax, usually at a concessional rate of up to 15% however a higher rate of tax applies for contributions made in excess of a concessional contributions limit prescribed by Government from time to time, or if you are a high income earner with eligible income over \$250,000.</p>
<p><b>Salary Sacrifice</b></p> <p>Where you arrange through your employer to have a part of your income paid directly to your super account, before any tax has been applied.</p> <p>For tax purposes, this is known as a concessional contribution.</p>	Your employer, out of your income through an arrangement with you	<p>Like SG contributions, Salary Sacrifice contributions are subject to contributions tax, with the rate of tax depending on whether the Salary Sacrifice contributions are within the Government prescribed limit and your level of income. Salary sacrifice arrangements may give a tax advantage for some people (by reducing your taxable income) however salary sacrifice contributions may count as eligible income when assessing your eligibility for government co-contributions, tax deductions on member contributions, spouse contribution tax offsets or welfare entitlements. You should obtain professional advice about whether salary sacrificing is appropriate for your circumstances.</p>

Continued overleaf

## Contributions table continued

Contribution type	Who pays	Characteristics
<p><b>Government Co-contribution</b></p> <p>If you make personal contributions for which you don't obtain a tax deduction and are eligible, the Government may pay a co-contribution of 50 cents for every \$1.00, up to certain limits.</p>	<p>The Australian Government</p>	<p>Please find overleaf a more detailed explanation.</p> <p>The Government Co-contribution is not treated as a 'contribution' for purposes of the limits applicable to concessional and non-concessional contributions. The Government Co-contribution is not payable to individuals in respect of personal contributions made in 2018/2019, (or future years) with a total super balance (at 30 June in the previous financial year) equal to or more than the general transfer balance cap. For further information about the total super balance and general transfer balance cap, see below.</p>
<p><b>Personal Contributions for which you do not obtain a tax deduction</b></p> <p>Contributions paid by you usually after tax has been applied to your income. For tax purposes, this is known as a non-concessional contribution.</p>	<p>You</p>	<p>Contributions tax does not usually apply provided you do not exceed the non-concessional contribution limit applicable to you (\$100,000 for the 2018/2019 financial year, or if you are under 65 and trigger a 'bring forward' rule in 2018/2019, \$300,000 in a three year period where the three year period commences 1 July 2017. If you triggered the 'bring forward' rules in the 2015/2016 or 2016/2017 financial years, transitional provisions apply which may limit how much you contribute in the second and/or third year of a three year period, if you have not used up your 'bring forward' non-concessional contributions before 1 July 2017). The non-concessional contribution limit is four times the standard concessional contribution limit (see 'Taxation of contributions' below). This means that if the concessional contribution limit increases due to indexation, the annual non-concessional contribution limit (and any limit applicable under the bring forward rules) may be higher in future years. If you exceed your non-concessional contribution limit, additional tax applies. If you have a total super balance equal to or above the general transfer balance cap (1.6 million for the 2018/2019 financial year) at 30 June in the previous year, your non-concessional contribution limit will be reduced to nil. This means any non-concessional contributions you make will be subject to tax. For further information about the total super balance and general transfer balance cap, see below.</p>

Continued overleaf

## Contributions table continued

Contribution type	Who pays	Characteristics
<p><b>Tax Deductible Personal Contributions</b></p> <p>Contributions made by eligible persons aged under 75 regardless of employment circumstances for which a tax deduction is obtained.</p> <p>For tax purposes, this is known as a concessional contribution.</p>	You	<p>From 1 July 2017, the ability to claim a tax deduction for personal super contributions has been expanded so that employees can access a deduction (tax deductions are no longer limited personal contributions made by self-employed or substantially self-employed persons). You can claim a tax deduction on personal contributions you make to your own super if the criteria in the tax legislation is met including:</p> <ul style="list-style-type: none"> <li>• you meet age limits applicable to obtaining a tax deduction, and</li> <li>• if you are under age 18, and have earned income in the financial year from employment activities or carrying on a business.</li> </ul> <p>Tax Deductible personal contributions are subject to contributions tax, with the rate of tax depending on whether the contributions are within the Government prescribed limit and your level of income.</p> <p>If you intend to claim a tax deduction for your personal contributions, please provide us with a completed Notice of Intention to Claim a Tax Deduction form, available from the Qudos Super website or on request by contacting 1300 721 720. If you notify us of your intention to claim a tax deduction with the timeframe prescribed by law and we provide you with an acknowledgement, we will deduct the applicable contributions tax rate from your account. Unless you provide the necessary notification and this is acknowledged by the Trustee, a tax deduction will not be available. In some circumstances, the Trustee may not provide an acknowledgement (for example, if you have left the Fund before providing us with your notice). You should obtain professional advice about whether tax deductible contributions are appropriate for your circumstances.</p> <p>Other eligibility criteria apply. For more information about deductibility of personal contributions, including all eligibility conditions and how to claim a deduction, go to <a href="http://www.ato.gov.au">www.ato.gov.au</a>.</p>
<p><b>Spouse Contributions</b></p>	A contributing spouse, on behalf of a receiving spouse	<p>If the receiving spouse's eligible annual income is less than a certain amount, the contributing spouse may receive a tax offset on contributions paid on behalf of the receiving spouse. The tax offset is not available in respect of spouse contributions made in the 2018/2019 (or future years) if the receiving spouse has a total super balance (at 30 June in the previous financial year) equal to or more than the general transfer balance cap. For further information about the total super balance and general transfer balance cap, see below. Please refer to <a href="http://www.ato.gov.au">www.ato.gov.au</a> for a more detailed explanation of the tax offset available for eligible Spouse Contributions.</p>

## Taxation of contributions

The concessional contributions tax rate is usually 15%, however a higher rate of tax applies in certain circumstances. The tax rate is 30% for high income earners with eligible income exceeding \$250,000. Additional tax also applies to contributions in excess of the Government prescribed limits, with the rate depending on your personal circumstances. It is important to note that the Government prescribed limits take into account all contributions you make (not just your contributions to this Fund).

Concessional contributions are subject to a standard concessional contribution limit (\$25,000 for the 2018/2019 financial year, subject to indexation in future years) for all individuals regardless of age.

From 1 July 2018, a five year carry forward rule will allow any unused amount of concessional contribution cap to be carried forward, accrued and used at any time for a maximum of 5 years if your total super balance is below \$500,000 at the end of the previous financial year.

The first year you will be entitled to carry forward any unused amounts is the 2019/20 financial year. This means that in the 2019/20 financial year you will only be able to carry forward unused concessional contributions from the 2018/19 financial year. Unused concessional contribution amounts are available for a maximum of five years, and will expire after this. For more information about the total super balance see below.

Up to 85% of concessional contributions in excess of the applicable annual concessional contribution limit, may be able to be refunded (where a member requests). Any excess concessional contributions retained in a super fund will incur extra tax (at the marginal tax rate applicable to a member, plus an interest charge) AND will count toward your non-concessional contributions limit. Refunded excess concessional contributions are also subject to extra tax, but don't count toward your non-concessional contributions limit.

For more details about the tax treatment of concessional contributions for high income earners or the options available to you if you make excess concessional contributions, go to [www.ato.gov.au](http://www.ato.gov.au) or speak to a taxation adviser.

The limit applicable to non-concessional contributions is shown in the contributions table above (under 'Personal contributions for which you do not obtain a tax deduction'). Any excess non-concessional contributions will incur tax – up to the top marginal tax rate (the amount of your tax liability and how it is paid depends on whether or not you withdraw the excess contributions and any earnings). Go to [www.ato.gov.au](http://www.ato.gov.au) or speak to a taxation adviser if this is relevant to you. If your total super balance is equal to or greater than the general transfer balance cap at the end of 30 June of the previous financial year, and you make a non-concessional contribution, your contributions can be accepted by the Fund however you will have excess non-concessional contributions and pay extra tax.

The taxation of contributions is complex, and will depend on your personal circumstances. Further information about contributing to superannuation and the tax treatment of superannuation contributions is available from [www.ato.gov.au](http://www.ato.gov.au).

You should also obtain advice from a suitably qualified adviser which takes into account your personal situation.

## Total super balance

Your 'total super balance' is, in summary, the total amount of superannuation (accumulation and pension) you have across all funds you participate in, subject to some adjustments (for example, special rules apply to superannuation contributions arising from settlement of a personal injury claim – referred to as structured settlements). The rules are complex. The ATO (not the Fund) keeps track of your total super balance. Your total super balance may affect the amount of tax you pay and your ability to make or receive certain types of contributions. For example, if your total super balance is equal to or above the general transfer balance cap (\$1.6 million for the 2018/2019 year, subject to indexation in future years) you may pay more tax on non-concessional contributions and will not be able to access the Government co-contribution. You should obtain your own taxation advice about the impact of your total super savings on your contributions.

## Age based contribution rules

If you are aged 65 but not yet 75, you must have been gainfully employed for at least 40 hours in a continuous 30 day period during the financial year in which the contributions were made before you can make personal contributions (referred to as the work test).

- Gainful employment can be any business, trade, profession, vocation, calling, occupation or employment. An individual must, however, be being remunerated in return for the personal services being provided through a salary, business income, bonus or commission. The employment arrangement also needs to be fully documented and declared for income tax purposes.
- The 40 hours can be in any arrangement over the 30 consecutive days (for example, 9am to 5pm over four days, or a few hours each week).
- The 30 consecutive days can be at time during the financial year the individual wants to make the voluntary super contribution, so they don't have to be all in the same calendar month. The 40 hours' amount is the minimum requirement that must be met; there is no maximum limit on how much an individual can work.

## Work test exemption

From 1 July 2019, the Government is introducing an exemption from the work test for voluntary superannuation contributions in the first income year after retirement to allow retirees more time to get their affairs in order as they prepare for retirement.

This new exemption means an individual aged over 65 (but under age 75) will be able to make voluntary contributions for one more year after they stop working.

To use the Superannuation Work Test Exemption, you will need to have a Total Superannuation Balance of less than \$300,000 at 30 June of the previous financial year. There is no requirement to remain under the balance cap for the whole 12-month period.

The exemption applies for 12 months following the end of the financial year in which an individual last met the relevant Work Test, giving an extra year in which to boost superannuation savings. The exemption is only available for one 12-month period in an individual's lifetime. So, if you use the exemption to make a contribution and then return to work, you cannot use it again when upon retirement at a later date.

**Note:** During the 12-month exemption period, you can access any unused concessional (before-tax) contributions cap to contribute more than \$25,000 using the carry-forward rules.

## Contributions during the Exemption Period

During the 12-month exemption period an individual can make contributions into your super account up to the concessional and non-concessional contributions caps for that particular financial year (\$25,000 and \$100,000 caps respectively in 2019/2020).

The Superannuation Work Test Exemption can also be used to access the 'bring-forward' contribution arrangements during the 12-month exemption period. This allows you to make non-concessional contributions of up to three times the normal annual cap (currently \$100,000, so the bring-forward amount is \$100,000 x 3 = \$300,000).

Once you reach age 75, a superannuation fund can no longer accept personal contributions, but it can accept mandated employer contributions on your behalf.

Spouse contributions cannot be made for a receiving spouse aged 70 or more. Your spouse must satisfy the work test to receive spouse contributions from age 65 to 69. Go to [www.ato.gov.au](http://www.ato.gov.au) or [www.moneysmart.gov.au](http://www.moneysmart.gov.au) for further information about the contribution rules.

Subject to the above conditions, you or your spouse can make personal contributions of any amount to your super account whenever you wish, and these contributions can be made via cheque, BPAY® or Direct Debit. Employer contributions can

be accepted by BPAY® or Direct Debit provided the electronic payment of contributions to the Fund is accompanied with the required electronic transmission of member data, pursuant to an employer's legislative obligations (under requirements referred to as SuperStream requirements). Your employer must satisfy itself that it is meeting its obligations when paying contributions to the Fund. For further information about payment methods that are available contact us on 1300 721 720.

## Co-contributions

If you are making non-deductible personal contributions into your account, and have a total income (assessable income, reportable fringe benefits and reportable employer super contributions) of less than a specified amount (which may vary from year to year) in the same year, your total super balance is below the general transfer balance cap for the year and you haven't exceeded your non-concessional contribution cap, you could qualify for a Co-contribution from the Commonwealth Government.

The amount of the Government's Co-contribution will vary depending on a person's level of income and is subject to a maximum limit.

You don't need to apply for the Co-contribution, however you must meet Government eligibility criteria. The amount will be determined by the ATO after it processes your tax return and obtains information from your super fund. Any Co-contribution will be paid directly into your super account.

If you don't receive an amount you believe you're entitled to, you'll need to contact the ATO.

For up to date information about the eligibility criteria applicable to the Government Co-contribution and income thresholds and available co-contribution amounts from year to year, go to [www.ato.gov.au](http://www.ato.gov.au).

## Rollovers or transfers from other funds

You can transfer super benefits from another fund into your Qudos Super account. By only having one super account with Qudos Super, you can potentially save unnecessary fees, plus you'll only have one account to manage.

To easily combine your super into one account, you need to complete the **Superannuation Transfer Request** online. You can access this at [www.qudosbank.com.au](http://www.qudosbank.com.au).

You should check with your old fund whether fees apply or benefits (such as insurance) will be lost if you transfer your super to this product.

Your previous fund is obliged to transfer your account balance within 3 days of receiving all appropriate and completed documentation (however a longer period may apply depending on the circumstances).

## Contribution splitting

Contribution splitting is where someone 'splits' their contributions by transferring a portion of them to their spouse's account (including a de-facto spouse of the same or opposite sex). We allow members to split concessional contributions made for them with their spouse by transferring the contributions to the spouse's superannuation account (wherever held).

Non-concessional contributions cannot be split.

You can split up to 85% of employer contributions (including salary sacrificed contributions) and any personal contributions you claim as a tax deduction (subject to a maximum of the concessional contributions limit applicable to you and any additional tax liability applicable to your contributions).

You can apply to split contributions at any time during the financial year immediately following the financial year in which the contributions were made. If you transfer your benefit before the end of that financial year you can elect to split the contributions made during the year when you close your account.

## Other contributions or payments

Other payments may also be made into your super account, for example, disability settlement amounts and the proceeds from the sale of a small business.

Other payments may be liable to different taxation treatment. You should obtain professional advice about whether making other payments into your super is appropriate for your circumstances. Further information about these payments can also be found at [www.ato.gov.au](http://www.ato.gov.au).

## Tax File Number

Under superannuation legislation, we are authorised to collect your Tax File Number (**TFN**) which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change. We can disclose your TFN to another superannuation provider when your benefits are being transferred, unless you request (in writing) that your TFN is not to be disclosed.

It is not an offence not to quote your TFN. However, there are a number of good reasons why you should provide your TFN.

Firstly, if we don't have your TFN, we will not accept member contributions from or for you (because superannuation legislation does not allow us to) or contributions from your employer (as a matter of Trustee policy). Secondly the tax on super benefits paid to you may be higher. Thirdly, it may be more difficult to locate any lost super benefits or consolidate your superannuation.

**If you don't provide a TFN you will be unable to become a member of this product. Applications for membership which do not contain a TFN will not be able to be processed.**

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