

Salary sacrifice and super

1 July 2024

All our forms and publications are available at spiritsuper.com.au/forms or call us on 1800 005 166, and we'll send you a copy.



This strategy may boost your super savings and save you tax!

Benefits of salary sacrifice

With salary sacrifice, you have an arrangement with your employer to pay some of your before-tax income into your super, in addition to the usual super guarantee (SG) contributions.

The two main benefits of salary sacrificing are:

1. your super grows faster with the extra super contributions
2. you may pay less tax – a salary sacrifice arrangement reduces your taxable income, meaning you may pay less tax on your income. Generally, salary sacrifice contributions are subject to a 15% tax rate instead of your marginal income tax rate.

How does it work?

Salary sacrifice can be a very tax-effective way to grow super. Apart from putting more into your super, these contributions are generally subject to a 15% tax rate, which may be less than your marginal income tax rate.

The table below shows salary sacrifice benefits available.

Income	Tax rate ¹ if you receive this as salary	Tax rate if you salary sacrifice into super	Potential tax savings
\$0 – \$18,200	0%	15%	Nil
\$18,201 – \$45,000	16%	15%	1%
\$45,001 – \$135,000	30%	15%	15%
\$135,001 – \$190,000	37%	15%	22%
Above \$190,000	45%	15% ²	30%

¹Tax rates for 2024–25 exclude the Medicare levy and personal tax offsets that may apply. | ²If your combined income and before-tax contributions go over \$250,000 a year, you may pay an extra 15% on some or all of your before-tax contributions, as advised by the Australian Taxation Office (ATO).

! If you earn less than \$60,400 in 2024–25, you may be eligible for a super co-contribution on personal contributions you don't claim a tax deduction for (conditions apply).

Use the MoneySmart Super contributions optimiser at moneysmart.gov.au to work out what's best for you or talk with your accountant or tax adviser.

This fact sheet contains general information only and doesn't take into account your objectives, financial situation or needs. Before making a decision about Spirit Super, you should consider if this information is right for you and read the *Product disclosure statements*, *Target market determinations* and *Financial services guide*. These are available at spiritsuper.com.au/pds or by calling 1800 005 166. | Issuer is Motor Trades Association of Australia Superannuation Fund Pty Ltd (ABN 14 008 650 628, AFSL 238718), the trustee of Spirit Super (ABN 74 559 365 913). Any advice is provided by Quadrant First Pty Ltd (ABN 78 102 167 877, AFSL 284443) (Spirit Super Advice), which is wholly owned by the trustee. A copy of the *Financial services guide* for Spirit Super Advice is available at spiritsuper.com.au/financial-services-guide or by calling us on 1800 005 166. | Calculations are estimates and are based on the 2024–25 tax rates and super laws.

How to start salary sacrificing to super

Talk to your employer or HR team and let them know how much you'd like to salary sacrifice into your super each pay.

You can nominate a fixed amount (eg \$100 per pay) or a percentage (eg 5% of your salary).

It's best to have your salary sacrifice arrangement in a written agreement. This could be in an email or a form provided by your employer.

If you want to make before-tax contributions but your employer doesn't offer salary sacrifice to super, consider making a personal contribution and claiming a tax deduction. This has the same tax outcome as salary sacrifice. For details, read our *Claiming tax deductions for contributions* fact sheet.

! Not all employers offer salary sacrifice.



Meet Jane

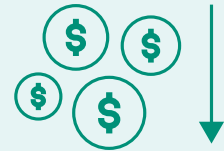
Jane earns \$70,000 each year.

To boost her retirement savings and save on tax, she salary sacrifices \$100 each fortnight into super.

Result

Jane will benefit from income tax savings of \$832 and extra net super contributions of \$2,210 each year.

Jane's take-home pay is reduced by \$68.00 per fortnight



Jane's super is increased by \$85.00 each fortnight



Meet Aaron

Aaron earns \$120,000 each year and salary sacrifices \$250 each fortnight to his super account

Impact on income tax

	No salary sacrifice	Salary sacrifice
Annual income	\$120,000	\$120,000
Salary sacrificed super contributions	-	(\$6,500)
Taxable income	\$120,000	\$113,500
Total income tax³	(\$29,188)	(\$27,108)
Take-home pay	\$90,812	\$86,392

Impact on super balance

	No salary sacrifice	Salary sacrifice
Salary sacrificed super contributions	-	\$6,500
Employer SG contributions	\$13,800	\$13,800
Contributions tax	(\$2,070)	(\$3,045)
Increase to super balance	\$11,730	\$17,255

³Includes the Medicare levy.

Result

By reducing his take-home pay by about \$170 each fortnight, Aaron could reduce his annual income tax bill by \$2,080 and save an extra \$5,525 in his super in a year.

Income tax saving
\$2,080

Boost to super
\$5,525

Contribution limits

There are limits to how much you can contribute to your super each financial year. These are known as contribution caps. If you go over these caps, you will generally pay extra tax.

Salary sacrifice contributions count towards your before-tax (concessional) cap. The before-tax cap also includes employer SG contributions and personal contributions you've claimed a tax deduction for.

The before-tax (concessional) cap is \$30,000 in 2024-25. You may be able to increase your before-tax cap by carrying forward unused before-tax contribution cap amounts from 1 July 2019. Conditions apply.

Read our *Super contributions* fact sheet or call **1800 005 166** for more details.

Should you salary sacrifice or make personal contributions?

Salary sacrifice isn't right for everyone. You may benefit more from making personal contributions (and not claiming a tax deduction).

You may qualify for a super co-contribution if you:

- earn less than \$60,400 in 2024-25 and
- make personal contributions into your super account.

Other conditions apply. For details, read our *Boosting your super with government help* fact sheet or call **1800 005 166**.

Use the MoneySmart *Super contributions optimiser* at moneysmart.gov.au to work out what's best for you or speak with your accountant or tax adviser.

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Need advice?

We love helping you understand and maximise your super. That's why we provide access to general information, education and personal (intra-fund) advice on your Spirit Super account at no extra cost.

Go to spiritsuper.com.au/get-advice for more details.

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