

Salary sacrificing into super is one of the easiest ways to save on tax while growing your super balance – without significantly changing your current lifestyle.

When you salary sacrifice, your super contributions are taken from your salary before income tax is paid. In most cases you make this contribution on top of the Super Guarantee contributions you receive from your employer.

How can salary sacrifice grow my super faster?

As salary sacrifice reduces your take-home pay, it may also reduce the amount of tax you pay. Salary sacrifice contributions into your super are only taxed at 15% (provided it is within the concessional contribution caps - please refer to the contribution limits on the next page), so if your income tax rate is higher than 15%, salary sacrificing can be a good way to reduce the amount of tax you pay while growing your super savings. From 2017/18, a 30% contributions tax applies to individuals with an income of over \$250,000 per year. The definition of income for this purpose includes concessional contributions.

How does this work?

Andrew earns \$60,000 a year (excluding super), and would like to grow his super faster. He sacrifices 8% of his pre-tax salary (that's around \$5,000 per year, or \$192 per fortnight) into super.

	WITH SALARY SACRIFICE	WITHOUT SALARY SACRIFICE
Salary	\$60,000	\$60,000
Salary sacrifice	\$5,000	–
Super Guarantee contribution	\$5,700	\$5,700
Net salary	\$55,000	\$60,000
Estimated tax and Medicare ¹	\$10,347	\$12,147
Income tax benefit ²	\$1,800	–
Tax on super ³	\$1,605	855
Total net salary and net super contributions ⁴	\$53,748	\$52,698
Total Income tax savings	\$1,050	–

¹ Includes Low income tax offset (LITO)

² Uses 2017/18 tax rates, including the Medicare levy (2%).

³ Tax on additional salary sacrifice contribution of 15% on \$5000

⁴ Includes Super Guarantee contributions of 9.5% from employer.



Salary sacrifice example

By salary sacrificing \$5,000 in one year, Andrew has **increased his overall benefit by \$4,250** as well as saving \$975 in tax by choosing to save money into super. It is important to note that all super contributions are preserved and you will be unable to access your super until the conditions of release have been met.

How do I salary sacrifice?

- 1 Check to see if your employer allows salary sacrifice.
- 2 Speak to your employer, who will arrange your salary sacrifice.
- 3 Make sure we have your Tax File Number.

What is my marginal tax rate?

The following rates for 2017/18 apply from 1 July 2017 and do not include the Medicare levy.

TAXABLE INCOME	TAX ON THIS INCOME
\$0 – \$18,200	Nil
\$18,201 – \$37,000	19 cents for each \$1 over \$18,200
\$37,001 – \$87,000	\$3,572 plus 32.5 cents for each \$1 over \$37,000
\$87,001 – \$180,000	\$19,822 plus 37 cents for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 47 cents for each \$1 over \$180,000

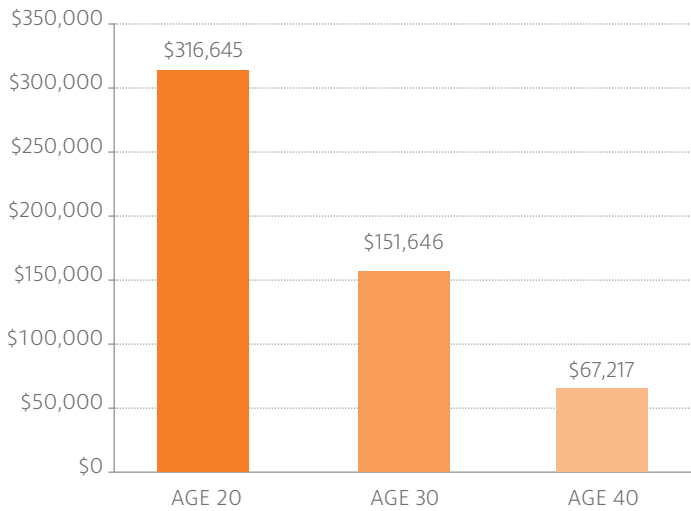
Contribution limits

There are contribution caps on your before-tax super contributions, which include the Super Guarantee contributions your employer makes on your behalf, as well as any salary sacrifice contributions you make to your super. If you exceed these limits, you may be taxed up to the marginal tax rate.

AGE	CONTRIBUTION CAP PER YEAR
All ages	\$25,000

The earlier you start the better

If you compare the difference of starting to put extra money into super at age 20, 30 and 40 the difference is substantial. A person who starts putting \$20 into super per week at age 20 will have \$316,645 extra in their super at age 65*. That compares to a person who starts at age 30 will have an extra \$151,646 or who starts at age 40 will have an extra \$67,217*.



So, if you had to pick a time to start tucking some money away, there is no better time than right now. Time is on your side and makes your money work for you!

*Assumptions:

1. Personal salary sacrifice of \$20 per week (indexed at 3% per year).
 2. Investment return is 7.1% per year (calculated using the asset allocation of Vision Super's Balanced Growth Default option).
- The assumed investment returns are illustrative and should not be taken to be an estimate of the amount of investment earnings you may receive. Investment Returns are assumed to remain constant over the projection period. Past performance is no guarantee of future performance.

Salary sacrifice tips

- 1 Make sure you understand how salary sacrificing affects your other benefits
- 2 Confirm that the amount you want to contribute won't result in you breaching the applicable contribution cap.
- 3 Commit to how much you want to contribute and arrange via your payroll office.



Need more help?

We know your super inside out, so you don't have to worry!

If you would like further information about salary sacrifice, or any of our products and services, please call our Member Services team on **1300 300 820** if You can also refer to our website for forms and other fact sheets.

The fine print we want you to read: We **do not** receive brokerage fees or commissions for recommending any products.

This information was current at the time of publishing. Vision Super believes the statements are correct and not misleading but we give no warranty in relation to them. Save for any statutory liability, we disclaim all liability for any loss or damage that may arise from anyone acting on these statements. All services and products detailed herein are subject to Australian laws that may change from time to time. This information is general information only and not intended to act as financial advice. Remember, your circumstances and financial needs are unique. Before acting on the basis of anything contained in this document, you should consider whether it is appropriate to your needs and circumstances. You should obtain and read the relevant Product Disclosure Statement before acquiring any financial product. We suggest you seek professional advice to make the best choice for your circumstances. Where tax information is included you should consider obtaining tax advice. Vision Super Pty Ltd ABN 50 082 924 561 Australian Financial Services Licence 225054, is the Trustee of the Local Authorities Superannuation Fund ABN 24 496 637 884.