ACTIVE SUPER

FACTSHEET

2. HOW SUPER WORKS

The information in this document forms part of the Active Super Accumulation Scheme Product Disclosure Statement (PDS) dated 1 July 2024. This fact sheet is dated 1 July 2024 and is available free of charge at activesuper.com.au/PDS or from Member Care on 1300 547 873.

OVERVIEW

For most Australians, your super is one of your biggest investments which helps fund your retirement.

This fact sheet summarises how super works, the types of contributions that Active Super accepts, the rules around how these contributions can be made and when and how benefits can be paid from superannuation.

MEMBER ACCOUNT

In this fact sheet, your account is also referred to as your 'benefit' and is made up as an accumulation of the following:

- initial and subsequent contributions/rollovers
- investment returns (if positive)
- any insurance benefit that may be payable

less

- taxes (if applicable)
- fees
- insurance costs (if applicable)
- any withdrawal of benefits
- investment returns (if negative).

CONTRIBUTIONS

Generally, Active Super accepts Superannuation Guarantee (SG) contributions and other employer, personal and spouse contributions, transfers and rollovers, and any other contributions permitted by superannuation law. Active Super may reject a contribution where it believes acceptance of such a contribution is not permitted.

The following table provides an overview of the different types of contributions and their general tax treatment within superannuation funds:

CONCESSIONAL (OR PRE-TAX) CONTRIBUTIONS	
• Superannuation Guarantee • Additional employer • Award • Self-employed and personal tax-deductible contributions • Salary sacrifice	• Subject to contribution caps (refer below and to page 3). • Generally taxed at 15%. • Taxed at a higher rate if your tax file number (TFN) is not provided.
NON-CONCESSIONAL (OR POST-TAX) CONTRIBUTIONS	
• Personal • Spouse • Concessional contributions that exceed the contribution cap	• Subject to contribution caps (refer below and to page 4). • Subject to total superannuation balance being less than \$1.9 million (refer to page 4). • You must supply Active Super with your TFN for us to accept these contributions. • Contributions are tax-free when below the cap amount.

CONCESSIONAL CONTRIBUTIONS

Concessional contributions are contributions which are usually paid by your employer either due to super obligations or because you have elected to forego some of your pre-tax salary in order to make salary sacrifice contributions. Concessional contributions are generally taxed at 15%[1] provided you have supplied Active Super with your TFN.

Types of concessional contributions

- **Compulsory Superannuation Guarantee contributions:** Most employees are entitled to a minimum employer contribution known as the Superannuation Guarantee (SG). Currently, the SG rate is 11.5% of salary (ordinary time earnings).
- **Award contributions:** These are contributions which are required under an award or agreement, secured by your union, which may count towards SG. Some contributions may be in addition to SG.
- **Additional employer contributions:** Additional contributions paid by your employer which could be the result of a salary packaging agreement.

[1] If your annual income including concessional superannuation contributions exceeds $250,000 your concessional cap will be exceeded – see 'Amounts exceeding the concessional contributions cap' for more information. From 1 July 2025, the concessional tax rate applied to earnings for balances above $3 million will be 30%.

- **Salary sacrifice:** Amounts nominated by you and deducted from your pre-tax salary for the purpose of contributing to superannuation.
- **Personal deductible contributions**: Personal contributions using your after-tax pay, for which you tell us that you intend to claim a tax deduction.

Concessional contributions cap

Under current legislation there is a cap on the amount of concessional contributions that you and/or your employer can make in a financial year.

The standard concessional cap is $30,000 per annum and applies to all members. If you have a super account balance of less than $500,000, you can make 'carry-forward' concessional super contributions on a rolling five-year basis from 1 July 2018. Amounts carried forward that have not been used after five years will expire.

Contributions within the cap are taxed at 15%, except if your annual income including concessional superannuation contributions exceeds $250,000, in which case, you will exceed the concessional contributions cap.

Amounts exceeding the concessional contributions cap

If you exceed your concessional cap the ATO will issue you an Excess Concessional Contribution (ECC) determination and advise what actions you may take. The ECC will inform you that you may withdraw the excess contributions, and they will be taxed at your marginal rate to mirror the tax treatment those contributions would have received if you had taken them as salary. Alternatively, you may leave the excess contributions in your superannuation account, and they will be included in your non-concessional contributions cap and taxed at the highest marginal tax rate.

Non-disclosure of tax file number (TFN)

It isn't an offense to withhold your TFN. However, if we don't have your TFN, then:

- Your concessional contributions may be taxed at the highest marginal rate plus Medicare levy; and
- We can't accept any non-concessional contributions to your account.

NON-CONCESSIONAL CONTRIBUTIONS

Non-concessional contributions are personal contributions which are paid from after-tax salary or contributions paid on your behalf by your spouse. These contributions are not taxed (if within the cap amount) either when contributed to or withdrawn from super.

These contributions can be made periodically or as single amounts.

Acceptance of non-concessional contributions

The following conditions need to be satisfied for you to make non-concessional contributions:

- Your TFN must have been provided to Active Super. If your TFN has not been received non-concessional contributions cannot be accepted and will be refunded to you.
- Australians aged 55 years or older are able to make non-concessional (after-tax) contributions into their superannuation account of up to $300,000 from the sale of their property if they have owned the property for at least 10 years (refer to *Downsizing contributions* on page 10).

Spouse contributions cannot be accepted for people aged 75 and over. Persons aged 75 and over can no longer make non-concessional contributions.

Non-concessional contributions cap

There is a cap on the amount of non-concessional contributions that you can make in a financial year.

Non-concessional contributions are capped at $120,000 per year (this amount is a multiple of four times the concessional contribution limit). However, those under age 75 can bring forward up to $360,000 over three financial years, as long as the total superannuation balance cap has not been exceeded as at 30 June the previous financial year.

The table below shows the bring-forward arrangements for the first year from 1 July 2024.

TOTAL SUPER BALANCE ON 30 JUNE OF PREVIOUS YEAR	NON-CONCESSIONAL CONTRIBUTIONS CAP FOR THE FIRST YEAR	BRING-FORWARD PERIOD
Less than $1.66 million	$360,000	3 years
$1.66 million to less than $1.78 million	$240,000	2 years
$1.78 million to less than $1.9 million	$120,000	No bring-forward period, general non-concessional contributions cap applies
$1.9m and above*	Nil	Not applicable

Please visit the ATO at ato.gov.au for more information.

*Total superannuation balance **-** A lifetime cap of $1.9 million applies to your total superannuation balance. Your total superannuation balance includes the combined total of all your super and retirement savings accounts. Contributions made to accounts with balances greater than this amount, as at 30 June the financial year before, will be deemed to be excess contributions and will be taxed at the top marginal rate.

Amounts exceeding the non-concessional cap

If you have made any non-concessional contributions which exceed the non-concessional cap, they may be withdrawn. If you choose to withdraw the excess contributions plus associated earnings, any investment earnings will be taxed at your marginal tax rate, plus the Medicare levy.

If you choose not to withdraw the excess contributions, they will remain in your super account and be taxed at the top marginal rate, plus the Medicare levy.

SPOUSE CONTRIBUTIONS

You can make contributions to super on behalf of your spouse. You may also be able to claim a tax offset[2] of 18% on the contributions, up to a maximum contribution of $3,000 per annum. This is provided your spouse receives $40,000 or less in assessable income, reportable fringe benefits and reportable employer super contributions for that year.

If your spouse is receiving less than $37,000, and you make contributions of $3,000 or more, you can achieve the maximum rebate of $540 (18% of $3,000). The contributions eligible for the rebate reduce by $1 for each $1 of assessable income and reportable fringe benefits above $37,000 p.a. The rebate is not available if your spouse's income reaches $40,000 per annum.

Further eligibility requirements for claiming the spouse rebate are that the super contribution must be:

- made with after-tax money; and
- made on behalf of a receiving spouse who is under 75.

As spouse contributions are made from after-tax money, they retain their tax-free status and are available on retirement tax-free subject to preservation rules. For more information on spouse contributions, visit the Australian Tax Office (ATO) website at ato.gov.au

[2] Please note that in order to be entitled to the tax offset you must have a spouse that qualifies as a 'spouse' within the meaning of that term in the tax law. A 'spouse' for this purpose includes a legally married spouse, a de-facto partner, and a person in a relationship that is registered under a State or Territory law.

ROLLOVERS AND TRANSFERS IN

The Active Super Accumulation Scheme accepts transfers of benefits from other superannuation funds, including superannuation split amounts resulting from a Family Law settlement or order and superannuation lump sum (SLS) payments.

GOVERNMENT SUPER CO-CONTRIBUTIONS

The Federal Government makes contributions to the superannuation account of an eligible income earner based on the personal contributions made by the income earner and income earned.

- To qualify for a co-contribution, you must, in a financial year, make personal non-concessional superannuation contributions to a complying superannuation fund or retirement savings account;
- have a total income (assessable income plus any reportable fringe benefits) of less than $60,400;
- have earned at least 10% of your total income from eligible employment, running a business or a combination of both;
- have a total superannuation balance that is less than the transfer balance cap at the end of 30 June of the previous financial year;
- have not contributed more than your non-concessional contributions cap;
- be a permanent resident of Australia;
- have lodged an income tax return for the financial year in which the contributions were made; and
- be less than 71 years old at the end of the financial year in which the contributions were made.

The Federal Government will contribute up to 50 cents for every $1 you personally contribute (post-tax) subject to a maximum of $500 per year. This maximum starts reducing once your assessable income exceeds $45,400 and reduces to zero once your income reaches $60,400.

The minimum co-contribution amount paid by the government is $20.

TAX-DEDUCTIBLE PERSONAL CONTRIBUTIONS

You are eligible to contribute personal contributions for which you can claim a tax deduction if you are aged under 75. Individuals who are aged 67 to 74 will need to meet the work test by being gainfully employed for at least 40 hours in a period of not more than 30 consecutive days during the financial year, or be able to claim the work test exemption.

You are unable to make personal contributions if you are aged 75 years or over.

A tax deduction may be available on contributions up to the concessional contributions cap for the applicable financial year. To claim a tax deduction, instructions need to be provided to Active Super before:

- you lodge your income tax return;
- the end of the following financial year;
- you request us to split contributions;
- you commence a pension; or
- you roll over to another super fund.

Once these periods have lapsed, you can't claim or amend a tax deduction notice. You must also be a current member of the Active Super Accumulation Scheme to claim a deduction.

Once you claim a tax deduction on your personal (non-concessional) contributions they will be classified as concessional contributions, so you should pay attention to the concessional contributions cap and tax implications if you exceed the cap.

WHEN BENEFITS CAN BE TAKEN

Superannuation is a long-term investment, and the Federal Government has placed restrictions on when you can withdraw benefits from your account. These are referred to as 'preservation rules'.

Depending on the preservation components of your benefit (some members may have amounts under different components), you may need to satisfy a 'condition of release' in order to withdraw all or part of your benefit as a lump sum amount.

You are still able to roll over to another superannuation fund regardless of the preservation status of your benefit. However, rolling over to another fund will not alter the preservation status of the benefit.

Preserved component

This is the amount of your benefit that cannot be cashed unless you meet a condition of release.

The preserved component and any investment earnings on the preserved component cannot be withdrawn from the superannuation environment unless a condition of release is met.

All spouse contributions are classified as preserved.

Restricted non-preserved component

This component of your benefit can only be withdrawn and taken in cash when you cease employment with an employer who has contributed to Active Super.

Your restricted non-preserved benefit is the amount (if any) that you would have been able to withdraw and take in cash if you had ceased employment and been paid your benefit on 1 July 1999.

Over time your restricted non-preserved component remains at the same dollar value unless any further restricted non-preserved benefit has been rolled over to your account from another super fund. While it will continue to accumulate investment earnings, the earnings will be preserved. This amount, plus any unrestricted non-preserved amount, will remain the maximum amount that you will be able to take in cash on ceasing employment with a local government employer.

Unrestricted non-preserved component

This is the amount of your benefit that you can withdraw and take in cash at any time.

This amount will only exist when you have met a condition of release or have rolled over an unrestricted non-preserved benefit from another super fund.

When are preserved benefits payable?

The conditions of release you would need to meet in order to take your total preserved benefit as cash are as follows:

- on permanent retirement from the workforce at or after your 'preservation age' (refer to the *preservation age* section on page 9);
- on leaving employment on or after age 60;
- on reaching age 65, regardless of whether or not you are still working;
- on total and permanent incapacity;
- on attaining your preservation age and whilst still employed, taking a transition to retirement pension (note that your benefit components will not change);
- if you entered Australia on an eligible temporary resident visa and you subsequently permanently depart Australia, you can apply for payment of your benefit;
- when the ATO gives Active Super a release authority to pay excess contributions tax to the ATO;
- you terminate employment with a contributing employer and your preserved benefit is less than $200;
- on death; or
- you are suffering from a terminal illness.

You may be eligible to cash some of your super:

- on the grounds of severe financial hardship; or
- on compassionate grounds (subject to approval by the ATO).

Preservation of spouse contributions

If the spouse account holder has never been in paid employment, their benefit can generally be paid only when the spouse reaches age 65 or on the spouse's death. Otherwise, normal preservation rules apply.

No compulsory cashing of benefits

Although you are eligible to cash your preserved benefit on reaching age 65, you are permitted to keep all or part of your benefit in your superannuation account. If you decide to leave your benefit in superannuation, investment earnings on your benefit will continue to be taxed at the tax rates that apply to your account.

Preservation age

Your preservation age is the age at which you are eligible to access your preserved benefits due to retirement and will depend on your date of birth, as shown below:

DATE OF BIRTH	PRESERVATION AGE
Before 1 July 1960	55 years
1 July 1960 – 30 June 1961	56 years
1 July 1961 – 30 June 1962	57 years
1 July 1962 – 30 June 1963	58 years
1 July 1963 – 30 June 1964	59 years
After 30 June 1964	60 years

CEASING EMPLOYMENT

If you cease employment with your employer, there will be no change to your account until we become aware that you have left employment (e.g. when we are advised by either you or your employer). If we become aware that you have ceased employment with your employer, or no employer contributions have been received for three months, your account in the employer sponsored division will be transferred to the public offer division. If you are already in the public offer division, there will be no change to your account.

It is important to note that when you cease employment with a sponsored/sponsoring employer and your account has been transferred to the public offer division, any insurance cover you hold with Active Super will continue (provided that premiums are paid and you meet the other terms and conditions of the insurance policy). It is important to make sure that Active Super is advised of changes in your employment.

WITHDRAWING A BENEFIT

You can withdraw all or part of your benefit as a cash lump sum, a rollover to another complying superannuation entity, or as a combination of both. If you choose to take part of your benefit, a minimum of $5,000 must remain in your account otherwise your withdrawal request will be invalid. We will let you know if this is the case so you can update your request.

It is important to note that your preserved benefit can only be taken as a cash lump sum if you have satisfied a condition of release. You may elect to roll over some or all of your funds to another superannuation entity or approved deposit fund by completing the relevant documentation, which is available at activesuper.com.au or by calling Member Care on 1300 547 873.

FIRST HOME SUPER SAVER SCHEME

The First Home Super Saver (FHSS) Scheme helps you save money for your first home by making voluntary contributions to Active Super. You may be able to benefit from the tax treatment of those contributions within super.

If you have never owned property in Australia, you can make concessional (before-tax) and non-concessional (after-tax) contributions to your super:

- Concessional contributions include salary sacrifice contributions and personal contributions for which a tax deduction is claimed. These contributions are taxed at 15%[3].
- Non-concessional contributions include any personal contributions from after-tax money.

To qualify for the FHSS scheme, you must:

- be at least 18 years old at the time of the withdrawal
- have never owned property in Australia
- have not previously received a FHSS Scheme payment.

You can make voluntary contributions of up to $50,000 (maximum of $15,000 per year). You can then apply to withdraw your voluntary contributions made to super together with deemed earnings to help purchase your first home. This can be done via the ATO through your myGov account.

For full details on the FHSS Scheme including information on how to access your savings, please search for First Home Super Saver Scheme at ato.gov.au

DOWNSIZER CONTRIBUTIONS

The downsizer contributions measure allows you to contribute some proceeds of the sale of your home into superannuation.

The downsizer measure allows you to make an after-tax contribution of up to $300,000 into superannuation from the sale of your home, provided it was your main

[3] From 1 July 2025, the concessional tax rate applied to earnings for balances above $3 million will be 30%.

residence. Couples can both contribute this amount towards super up to a maximum of $300,000 each.

For full details on eligibility and how to contribute, please visit the ATO website at ato.gov.au

PORTABILITY

Under portability arrangements you may transfer some or all of your benefit to another superannuation entity, regardless of your employment status or whether or not you are able to move funds under superannuation choice arrangements.

If you choose to transfer only part of your benefit under portability, you must leave at least $5,000 in your account, otherwise your withdrawal request will be invalid.

If you are withdrawing all or part of your benefit under portability, you can continue to have contributions paid into your account.

TOTAL AND PERMANENT DISABLEMENT (TPD)

For the payment of a TPD benefit (not including any insured component), the Trustee must be satisfied that you satisfy the definition of permanent incapacity, as defined in super legislation.

If you have any Basic, Additional Basic or Voluntary insurance cover, the insurer must be satisfied that the requirements (as outlined in the policy document) have been met before any insurance benefit can be paid.

For more information on TPD insurance, please refer to the *Insurance in your super* fact sheet, available at activesuper.com.au/PDS or from Member Care on 1300 547 873.

FAMILY LAW ACT

The Family Law Act takes account of superannuation entitlements when negotiating settlements resulting from the breakdown of marriages and de facto relationships (including same sex relationships) and for the splitting of those entitlements between the parties involved. The Family Law provisions are complex, and you should seek independent legal and financial planning advice with respect to your personal situation. For more information, please refer to the *Family Law splits* fact sheet at activesuper.com.au/factsheets

DO YOU HAVE LOST SUPER?

It is always important to keep Active Super informed of your current postal and email address. If your details change, call Member Care on 1300 547 873 or you can update your details through Member Online. We can help you track down lost super by using the free search service offered by the ATO. Simply visit Member Online for more information.

WHAT HAPPENS TO YOUR SUPER WHEN YOU DIE?

Did you know that even if you have a will, your super may not be included in your estate? That's why it's so important to tell us who should receive your super upon your death by making a valid binding death benefit nomination.

What is a binding death benefit nomination?

If you make a valid binding death benefit nomination (BDBN) in favour of your dependant(s) and/or legal personal representative(s), the Trustee must distribute the benefit on your death in accordance with the BDBN. However, your BDBN must still be valid at the time of your death and when the benefit is paid.

Who can I nominate?

Each person you nominate must be one or more of the following at the time of your death:

- Your spouse;
- Your child or children;
- Any other person who is financially dependent on you;
- Any other person with whom you had an 'interdependency relationship'. Two people have an interdependency relationship if:
    - they have a close personal relationship; and
    - they live together; and
    - one or each of them provides the other with financial support; and
    - one or each of them provides the other with domestic support and personal care.

  (Two people may have an interdependency relationship if they have a close personal relationship but do not satisfy the other requirements of an interdependency relationship because either or both of them suffers from a disability); or

- Legal personal representative(s). For the purposes of the BDBN, a legal personal representative is taken to be someone who holds grant of probate or letters of administration over your estate. If such a person has not lodged an application with Active Super within 12 months of your death, the binding nomination will be rendered invalid, and the Trustee will decide how the benefit is to be distributed.

How do I make a binding death benefit nomination?

To make a BDBN you should complete the *Binding death benefit nomination* form available from activesuper.com.au/forms or by contacting Member Care on 1300 547 873 and return it to us.

There are strict legal requirements for a BDBN to be validly made. For the Trustee to consider your BDBN as valid, **all** of the following requirements must be satisfied:

- Each person you have nominated is either your dependant or your legal personal representative.
- The form must state the proportion of the benefit that you wish to pay each nominated beneficiary, and the total allocation must equal 100% of the benefit.
- The form must be signed and dated by you in the presence of two witnesses who are at least 18 years old and are not nominated as beneficiaries. The witnesses must sign and date their declaration on the same date that you sign the form.
- The form must be provided to, and received by, the Trustee while you are alive.
- The BDBN must not have lapsed (see below).

If you submit a BDBN that we identify to be invalid on its face, we will write to you advising that we are unable to accept it. However, the legal rules about the eligibility of nominated dependants are complex and eligibility factors can vary so we cannot guarantee that each nominee will be eligible to receive payment of your death benefit at the time payment is to be made.

When does a binding nomination lapse?

A BDBN will remain in place for three years after it's made. Before it lapses, you can confirm a BDBN for a further three years by using the *Confirmation of existing binding death benefit nomination* form. You can change your nomination at any time by completing a new *Binding death benefit nomination* form. Both forms are available at activesuper.com.au/forms

What happens if I do not have a valid binding death benefit nomination?

If we don't have a valid BDBN from you when you die, the Trustee will, at its discretion, pay the benefit to one or more of your dependants or legal personal representative(s). This can happen if you do not make a valid BDBN, or if your nomination is not valid at the time of your death. Benefits paid to your legal personal representative(s) will be paid by way of a lump sum which will form part of your estate to be distributed in accordance with your will (if you have left one) or otherwise in accordance with the law.

Examples of when a BDBN is invalid include:

- Your BDBN had lapsed; or
- Your BDBN form was incorrectly signed or witnessed; or
- Your BDBN form has been altered; or
- One or more of your nominees do not qualify as your dependant at the date of your death.

INACTIVE LOW-BALANCE ACCOUNTS

If you have an inactive low-balance account, we must pay the balance of your account to the ATO. Your account will be an inactive low-balance account if:

- Your account balance is less than $6,000;
- We haven't received a contribution or rollover to credit to your account within the last 16 months;
- Your account has no insurance cover; and
- You haven't met a prescribed condition of release.

If you have an inactive low-balance account, any insurance you hold will be cancelled and your super account must be transferred to the ATO.

You may hold an Active Super account for various reasons and may not wish your account to be transferred to the ATO. To stop your account from being an inactive low-balance account and transferred to the ATO, you must take one or more of the following actions:

- Make a contribution or rollover within 16 months of your last contribution;
- Opt-in to keep your insurance by logging into Member Online, via the Active Super app, or by completing the *Opt-in to insurance cover* form available at activesuper.com.au/forms;
- Make changes to your insurance cover;
- Change your investment option(s);
- Make or amend a binding death benefit nomination; or
- Give us a written notice to declare that your account is not an inactive low-balance account.

AUTOMATIC BASIC INSURANCE COVER

Active Super provides Basic insurance cover to eligible members aged 15 to 70, which comprises Basic Death Cover and Basic Total Permanent Disablement (TPD) Cover. Basic insurance cover is provided in a linked combination of units based on your age, without the need for a medical assessment. To be eligible for Basic insurance cover, new members joining the Active Super Accumulation Scheme from 1 April 2020 must:

- Be at least 25 years of age; and
- Have a super balance of at least $6,000 in their super account.

If you want to receive the Basic insurance cover before you become eligible for it automatically, you must elect to opt-in to Basic insurance cover by:

- Completing the *Opt in to insurance cover* form available at activesuper.com.au/forms; or
- Logging into Member Online; or

- Via the Active Super mobile app.

Please read the PDS and the *Insurance in your super* fact sheet for more information. Both documents are available at activesuper.com.au/PDS

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