



Topping up

Why make extra super contributions?

- *Reach financial freedom* – with life expectancies increasing, individuals who rely on 9% employer contributions alone may not have enough savings to live a comfortable lifestyle in retirement. You may need to apply for the Age Pension just to meet your basic needs.
- *Start early and win* – it's not only how much you contribute to super, when you contribute money also affects the shape of your super at retirement. If you start building your super early, your contributions earn investment returns for longer and returns are compounded year after year.
- *Pay less tax* – super is one of the most tax-effective ways of saving for retirement.
- *Get a free boost* – you may be eligible for the Federal Government Co-contribution – a boost of up to \$1,000 to your super each year.

How to top up your super

The common methods of making contributions into super include:

<p>Salary Sacrifice (before tax contribution)</p>	<p>Salary sacrifice requires a formal agreement between you and your employer to receive some of your income as additional super contributions. The amount sacrificed is paid into your super account before any tax is paid.</p>
<p>Voluntary contribution (after tax contribution)</p>	<p>Voluntary contributions are after-tax contributions that you make from your take-home pay. If you make voluntary contributions, you may qualify for the government co-contribution, depending on your income.</p>
<p>Spouse contributions</p>	<p>Contributions you make on behalf of your spouse. For more information, see our Spouse contribution form.</p>

Salary sacrifice contributions

Why salary sacrifice?

Salary sacrifice involves making an agreement with your employer to sacrifice some of your pre-tax salary into your super account.

Salary sacrificing can offer a number of advantages:

- It lowers your taxable income. However, as of 1 July 2009 any sacrificed salary will be included for relevant income testing.
- Contributions up to certain limits will be taxed at 15% (not your marginal tax rate) – refer to page 12 of your *Member Booklet (Product Disclosure Statement)* for details.
- You may benefit over the long term from the low-tax environment of super.
- It may not substantially reduce your take-home pay.

The following example illustrates how tax savings gained through salary sacrifice translate into additional contributions to super.

Example:

Kylie earns \$60,000 in total per year and would like to allocate \$5,000 of her before-tax income to her superannuation savings. Kylie's current marginal tax rate is 31.5%* (including Medicare levy).

Kylie's choices are:

- Salary sacrifice \$5,000, or
- Pay tax at her marginal tax rate first and then make a voluntary contribution into super.

	Salary Sacrifice	Voluntary
Amount to be allocated to super	5,000	5,000
Less Income tax of 31.5%	-	1,575
Less Contributions tax of 15%	750	-
Net amount contributed to super	4,250	3,425

If Kylie uses salary sacrifice she increases her net contribution to super by \$825.

Try our Salary Sacrifice Calculator at www.mediasuper.com.au/calculators.

* Applies for the 2009-10 financial year.

How do I salary sacrifice?

Advise your payroll or HR department that you would like to salary sacrifice and where you would like them to direct your contributions. Most employees are able to salary sacrifice but you may need to confirm this with your employer. Make sure that your salary sacrifice agreement is in writing. Take a look at our sample agreement for help – www.mediasuper.com.au/forms.

Who can salary sacrifice?

You must arrange with your employer to have your salary sacrifice contributions paid to Media Super.

- If you are under 65 and receiving a salary from an employer, you can salary sacrifice into super.
- If you are aged from 65 to 74, you must meet the work-test – that you are gainfully employed on at least a part-time basis and have worked at least 40 hours in 30 consecutive days in the financial year.
- If you are aged 75 or over, you cannot salary sacrifice into super.

Is there a downside to salary sacrifice?

- *If you are on a low income* – if your marginal tax rate is 15% or less, you should consider other contribution methods that may be more beneficial. Voluntary (after-tax) contributions may be better for your individual situation – you may qualify for a government co-contribution of up to \$1,000 each year.
- *9% employer contribution reduced* – your employer may use your reduced salary to calculate your 9% superannuation guarantee (employer contributions). Check that your employer contributions will not be affected. You should also check that entitlements, such as long-service leave or loadings, will not be adversely affected.
- *Other issues* – additional tax may apply to salary sacrifice contributions if you do not supply your tax file number or exceed the concessional contributions cap – refer to page 9 of your *Member Booklet (Product Disclosure Statement)*.

Voluntary contributions and government co-contribution

Why make voluntary contributions?

Voluntary contributions are contributions that you choose to make out of your after-tax income (take-home pay). Voluntary contributions can be an easy and effective way to build super. You may also be eligible for the bonus contribution available through the Federal Government Co-contribution scheme, depending on your income and other factors.

Am I eligible for the government co-contribution?

If you earn less than \$61,920* a year, you could be eligible for the government co-contribution. To be eligible for the government co-contribution for the 2009-10 financial year, you must:

- make after-tax contributions (not salary sacrifice) to your super fund during the financial year;
- lodge an income tax return;
- earn 10% or more of your total income (assessable income, reportable fringe benefits and reportable employer superannuation contributions) from eligible employment, running a business or a combination of both;
- be a permanent resident of Australia, and
- not hold an eligible temporary resident visa at any time during the year.

If you qualify, the Australian Taxation Office will automatically pay the co-contribution to your super account. You do not need to apply for the co-contribution.

* Applies for the 2009-10 financial year and includes your assessable income, reportable fringe benefits and reportable employer superannuation contributions.

How much co-contribution will I receive?

Use this table to help work out how much you will receive*:

If you earn...	and contribute at least...	the maximum co-contribution, you will receive
\$31,920 and below	\$1,000	\$1,000
\$35,000	\$897	\$897
\$40,000	\$731	\$731
\$45,000	\$564	\$564
\$50,000	\$397	\$397
\$55,000	\$231	\$231
\$60,000	\$64	\$64
\$61,920 and above	You are not eligible for the co-contribution	

Try our Co-contribution Calculator at www.mediasuper.com.au/calculators.

* Applies for the 2009-10 financial year

What if I'm self-employed?

You will not be eligible for a co-contribution if you claim a tax deduction for your contributions. If you do not claim a tax deduction for your contributions, they will be considered voluntary contributions (a non-concessional contribution) and you may be eligible for a co-contribution.

How do I make after-tax contributions?

- *Payroll deductions* – advise your payroll or HR department to direct after-tax contributions directly to your Media Super account, on your behalf.
- *Direct debit* – direct debit enables a specified amount to be deducted from your bank account each month and paid into your Media Super account. Complete a **Direct debit request form**, available at www.mediasuper.com.au/forms or contact us to request that a form be sent to you.
- *Cheque or EFT* – you can send a cheque or use electronic funds transfer (EFT) for regular or one-off payments to your Media Super account. When making payments, please attach a completed **Voluntary contribution form**, available at www.mediasuper.com.au/forms or contact us to request that a form be sent to you.

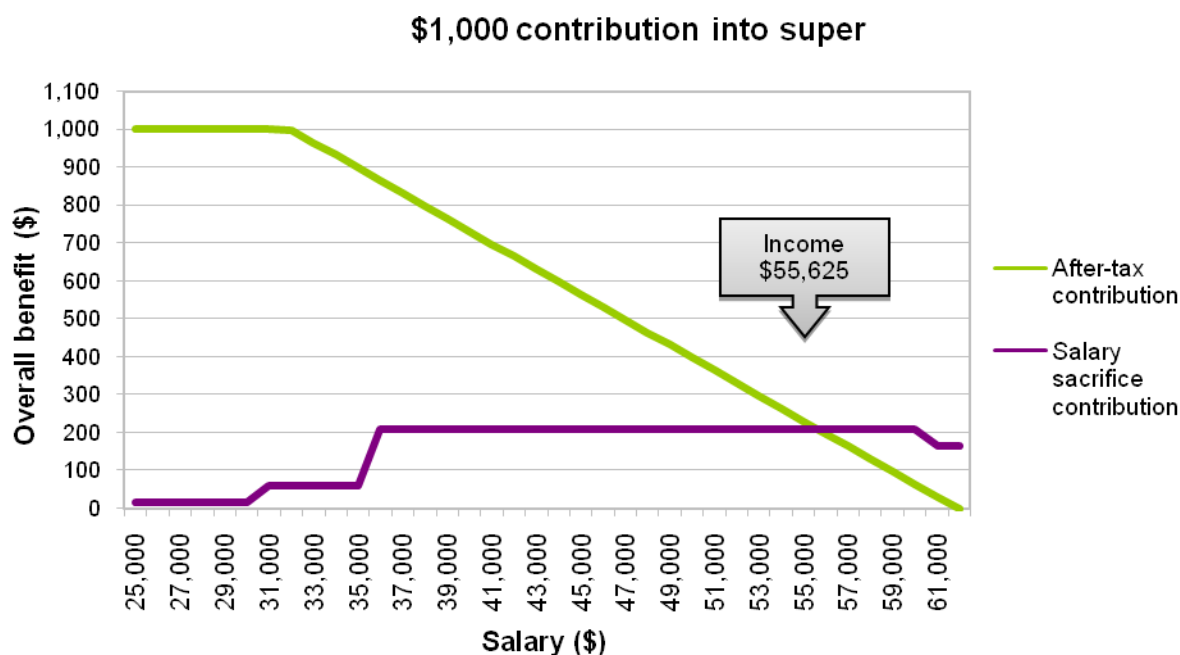
Salary sacrifice vs Co-contribution

Which is better for me?

When deciding whether to make salary sacrifice contributions or to make voluntary (after-tax) contributions to obtain the government co-contribution, you need to consider both the income available to you after tax and the net increase to your superannuation savings.

In most cases, if you qualify for a co-contribution, the overall benefit would be greater if you made voluntary contributions. Consider the chart below.

The following chart compares the overall benefits achieved through a \$1,000 contribution using salary sacrifice and the co-contribution that could be received for an eligible voluntary contribution of \$1,000.



Assumptions: 9% employer contribution maintained at pre-salary sacrifice levels and salary is the total taxable income.

The chart illustrates that for income levels below \$55,625, the benefit would be greater with a voluntary contribution and for incomes above \$55,625, salary sacrifice would be of greater benefit.

Can I do both?

Depending on individual circumstances, you may benefit from a combination of salary sacrifice and voluntary contributions. If you are unsure how to proceed, we recommend that you seek financial advice. For information on financial planning services available to Media Super members, visit www.mediasuper.com.au/planning.

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