



Salary Sacrifice Contributions

What are Salary Sacrifice Contributions?

Salary sacrifice contributions are contributions from your pre-tax salary that you can voluntarily make in addition to your regular fortnightly MilitarySuper contributions.

You can contribute each fortnight and 15% tax is deducted when received by MilitarySuper. Once paid, you can't get them back until the benefit becomes payable.

What do I get?

You will get another benefit in addition to your member and employer MilitarySuper benefit. This benefit is only payable as a lump sum, not as a pension.

The benefit comprises the contributions you paid and Fund investment returns less any applicable tax.

Investment returns may be negative from time to time and as a consequence the value of the benefit will rise and fall. It is therefore possible that the benefit might be less than the amount you contributed, particularly over a shorter term.

The benefit is subject to tax when it becomes payable, at the same tax rates that apply to other superannuation benefits.

Contribution Limits

There is a cap on the amount of concessional contributions you can make without incurring additional tax.

Your concessional contributions will be taxed at 15% when paid into MilitarySuper. Contributions above this cap will be included as taxable income, taxed at your marginal tax rate plus an excess concessional contributions charge.

The excess is then counted towards your non-concessional contribution cap.

Productivity contributions (3%) which form part of your employer component and are paid on your behalf into MilitarySuper are also considered as concessional contributions.

Who is eligible to make Salary sacrifice contributions?

To be able to make salary sacrifice contributions you must be a current contributing MilitarySuper member. You cannot make salary sacrifice contributions if you are a Preserved Benefit member.



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In addition, a notional amount is calculated towards your concessional contributions which represents the unfunded employer component of your benefit.

You can use the MilitarySuper Concessional Contributions estimator to help determine the impact to your contribution cap – militarysuper.gov.au/super-changes/resources

The Australian Tax Office (ATO) will combine all concessional contributions paid to any of your superannuation Funds to assess whether the cap has been exceeded. If you contribute over the cap the ATO will advise you of your options.

Further information about contribution caps is available from the ATO website ato.gov.au

How do I pay them?

You will need to make arrangements with SmartSalary, the salary sacrifice provider that has been appointed by the Department of Defence for Australian Defence Force (ADF) members, to deduct them from your pre-tax salary. The SmartSalary Customer Service Centre, which can be contacted on **1300 476 278**. The salary sacrifice amounts will be forwarded directly to MilitarySuper through your payroll system.

How are they invested?

Salary sacrifice contributions are held within your MilitarySuper account and are invested in the same investment option or combination of options as your regular member contributions. Changes in your Investment option automatically include these contributions.

When can I get the benefit?

Generally, the benefit cannot be paid until you permanently retire from the workforce after reaching your preservation age. This may be different to the date you can claim your MilitarySuper benefit.

Your preservation age is based on your date of birth, as shown in the following table:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960—30 June 1961	56
1 July 1961—30 June 1962	57
1 July 1962—30 June 1963	58
1 July 1963—30 June 1964	59
After 30 June 1964	60

All or part of the benefit may be paid to you earlier in the following circumstances, provided you have left the Defence Force:

- if you become totally and permanently incapacitated
- on severe financial hardship grounds
- on compassionate grounds.

You can also claim the benefit if you cease or change employment after reaching age 60. The benefit must be paid out of MilitarySuper when you reach age 65.

In the event of your death, the benefit will be paid to:

- your dependants
- or
- a dependent person(s) you nominated in writing and included in your will
- or
- your estate.

Can I rollover the benefit?

You can rollover this benefit at any time, even before you leave the Defence Force, to another regulated superannuation Fund, retirement savings account or approved deposit Fund. However, you will not be able to claim the benefit from that rollover institution until the benefit becomes payable under the rules of the fund. Generally, this is not until you have reached your preservation age and retired from the workforce.

What else could I pay?

Salary sacrifice contributions are one of a range of voluntary contributions (collectively called 'ancillary contributions') you can now pay. Separate factsheets are also available for:

- Additional personal contributions
- Transfer amounts
- Spouse contributions.

Does this count towards my Maximum Benefit Limit (MBL)?

It should be noted that none of the various Ancillary Benefits which includes salary sacrifice contributions are used when assessing whether you have reached your MBL under the MilitarySuper legislation.

How can I get more information?



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