

## Salary sacrifice

Salary sacrifice is an arrangement between you and your employer, where you can transfer part of your before-tax salary into your super to potentially gain tax benefits.

### **How it works**

Salary sacrificing lets you put some of your pre-tax salary into your superannuation at a maximum concessional tax rate of 15%, rather than your marginal tax rate.

Your assessable income is reduced by the amount of the contribution and as a consequence you may also drop to a lower marginal tax rate. Please refer to the [ATO website](#) for details of current year marginal tax rates.

### **Contribution limits**

*Beware;* the Australian Government has set limits on the amount of contributions that can be made each year without having to pay additional tax. The before-tax (concessional) contributions cap for 2017/2018 for all ages is \$25,000. For 2016/2017 the cap was dependent on your age and was either \$30,000 (less than age 49 at 30 June 2016) or \$35,000 (aged 49 or older at 30 June 2016).

Before tax contributions include:

- Employer contributions, such as compulsory SG (Super Guarantee)
- Any additional contributions your employer makes
- Other amounts paid by your employer from your pre-tax income to your super fund, such as administration fees and insurance premiums
- Salary sacrifice payments
- Contributions that you intend to claim a tax deduction for. You must first ascertain if you are eligible to claim, and, if so, complete a notice of intent to claim a deduction in the approved ATO form. This form should be forwarded to WA Super at the address noted on the form.

### **Find out more**

Watch our educational module '[Salary sacrificing into super](#)' to learn more.

You can also use [ASIC's superannuation calculator](#) to see the difference salary sacrificing can make to your retirement savings.

Downloaded on: 18/10/2017 from: <http://wasuper.com.au/members/growing-your-super/salary-sacrifice/>

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