



SALARY SACRIFICE

What is salary sacrifice?

Salary sacrifice is where your employer agrees to pay some of your salary into super instead of receiving it as take-home pay.

The salary you 'sacrifice' is paid directly into your super fund before income tax is deducted which may reduce your before-tax salary.

It's a top dog way to reduce the total tax you pay and increase your take-home pay as well as grow your super contributions.

How does salary sacrifice work?

When it comes to super, salary sacrifice is treated as a concessional (employer) contribution. This means you do not pay income tax or fringe benefits tax on these contributions. Hot dog!

The contributions are usually taxed at the standard 15% contributions tax when they are deposited into the super fund. This tax is generally lower than the marginal tax rate you'd pay if you receive the contributions as money in your take-home pay, which can sometimes be as high as 45%.

The value of salary sacrifice depends on your income and taxation circumstances. Depending on your level of income, you may receive more in your take home pay if you salary sacrifice than if you make the same amount of after tax contributions.

Charlie's Package	Without Salary Sacrifice	With Salary sacrifice of \$5,000
Total Package	\$50000	\$50000
Superannuation Guarantee (SG) at 9%	\$4128	\$4128
Salary before sacrifice	\$45872	\$45872
Salary after sacrifice	\$45872	\$40872
Less income tax (does not include Medicare Levy)	\$8362	\$6862
Net salary	\$37510	\$34010
SG and salary sacrifice contributions	\$4128	\$9128
Less tax paid through your super fund	\$619	\$1369
Total net super contribution	\$3509	\$7759
Combined net salary and super contributions	\$41019	\$41769
Total tax paid	\$8981	\$8231

Who can salary sacrifice?

As a member of AustSafe Super it's free for you to make salary sacrifice contributions into your account.

As salary sacrifice is an agreement between you and your employer you can only salary sacrifice into your AustSafe Super account if your employer offers this service.

Not all employers offer salary sacrifice so ask yours if they do. To avoid a cat and dog fight you should also ask your employer if and what their conditions are for salary sacrifice. For example, your employer may only allow you to start and finish salary sacrificing at certain times of the year.

If you work under an Industrial Award or agreement, you must meet specified requirements. You should speak with your employer about this.

Is there a limit to how much I can salary sacrifice?

Yes. Because salary sacrifice contributions are considered concessional (employer) contributions they are subject to a \$50,000 cap per annum if you are under age 50 and \$100,000 if you are over age 50. Salary sacrifice contributions above the cap may be taxed at the highest marginal rate of 46.5% (including the Medicare Levy).

Can I qualify for the Federal Government Co-contribution if I salary sacrifice?

No. Salary sacrifice contributions do not entitle you to receive the Government Co-contribution. You choose to either salary sacrifice or receive the Government Co-contribution. If you need help deciding which option is best for you, give us a call on 1300 131 293 to talk to a Personal Money Coach

When can I access my salary sacrifice contributions?

Like most super savings, salary sacrifice contributions are preserved (must be kept in the super system) until you meet a condition of release such as retirement. See the Product Disclosure Statements (PDS) for more information about conditions of release.

Do I have to give my Tax File Number (TFN) to AustSafe Super in order to salary sacrifice?

You are not obliged to give us your TFN in order to make salary sacrifice contributions but if you don't give it to us and your concessional contributions (including salary sacrifice) will be taxed at the highest marginal rate*.

You can give us your TFN by logging on to MemberAccess and submitting it electronically or by completing an AustSafe Super Tax File Declaration Form. You can download this form from our website (www.austsafe.com.au) or call our Customer Service Centre to have one sent to you. This way the tax man won't have a dog's chance of getting his hands on your super savings.

How do I begin making salary sacrifice contributions?

Salary sacrificing is definitely not a dog's breakfast – it's quite simple. Speak with your employer to ensure they offer salary sacrifice and see what the conditions are (start and stop dates and administration fees). Notify your employer or your salary sacrifice requirements in writing and they'll let us know when they submit the contribution.

If you are aged 55 – 65 and considering reducing your working hours the AustSafe Super Transition to Retirement Pension may be an ideal product as you can salary sacrifice your income into the pension while drawing on your existing AustSafe Super account for a tax effective income.

Who can help me?

One of our Personal Money Coaches can explain how salary sacrifice works and help you understand how to make the most of it. Just give us a call on 1300 131 293, we won't bite!

*If we don't have your TFN but your account was opened before 1 July 2007 then only concessional contributions above \$1,000 will be taxed at the highest marginal rate.



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