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Understanding how super is taxed can help you develop tax-effective strategies that can give your super a boost.

Unlike many other forms of savings, super is taxed concessionally. This essentially means that super is treated favourably under current tax legislation.

Triple S is an untaxed, or tax-deferred, super scheme. This means that tax is deducted from your super entitlement when it is withdrawn from the scheme.

The two main factors that impact how your super is taxed are:

1. the various components that make up your balance, and
2. your age when you take a benefit.
 - *Table 1* shows the names of the major components that may make up your entitlement. These tax components, or parts, make up your entitlement when it is paid.
 - *Table 2* shows the concessional tax rates that apply at certain ages.
 - *Table 3* shows your Commonwealth Government preservation age (page 2).



Triple S is an untaxed scheme, which means that the Commonwealth Government does not tax either the contributions your employer makes on your behalf or your investment earnings until you leave the fund.

Rather than paying tax up front, tax is charged when an entitlement is paid, in accordance with the Australian Taxation Office (ATO) rules for untaxed funds.

Table 1: Names of common tax components of your entitlement

Names of tax components	Meaning	Example
Tax free component	Monies already taxed	After-tax contribution from net salary
Taxable (untaxed) component	Monies yet to be taxed	Employer contributions, salary sacrifice, investment earnings
Taxable (taxed) component	Super already taxed	Funds rolled over from a taxed scheme

Table 2: How tax is calculated on your Triple S entitlement

Your Age	Tax on taxable (untaxed) component	Tax on taxable (taxed) component
Under Commonwealth preservation age	30% maximum tax rate up to \$1,515,000	20% maximum rate (no limit)
Commonwealth preservation age up to age 59	15% tax up to \$210,000 30% tax on balance up to \$1,515,000	Taxed at 0% up to \$210,000 15% tax on balance (no limit)
60 or over	15% tax on amounts up to \$1,515,000	Tax free

Assumes TFN provided. If you do not provide your TFN you will be taxed at the highest marginal tax rate plus Medicare levy. The 2% Medicare levy is deducted when tax is payable and you take your Triple S entitlement in cash.

Taxable (untaxed) amounts over \$1,515,000 will be taxed at the top marginal rate plus Medicare levy.



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How your super will be taxed if rolled over to another fund

If you roll over your entitlement to the Super SA Flexible Rollover Product or another taxed super fund, 15% contributions tax will be deducted from the part of the entitlement called the taxable (untaxed) component.

NOTE: The Medicare levy is not payable when your Triple S entitlement is rolled over to a taxed fund. If your taxable (untaxed) component is over \$1,515,000 the excess will be taxed at the highest marginal rate plus Medicare levy before your entitlement is rolled over. If you have super invested in the Lump Sum or Pension schemes, a separate cap of \$1,515,000 applies for each scheme. You should therefore seek professional financial advice should you wish to consolidate super held in other untaxed schemes into Triple S, or vice versa.

Proportioning of entitlements

Any entitlement taken in cash or rolled over to another fund will have the tax components calculated in the same proportions as the components that make up your total entitlement.

You are not able to select only your tax-free component. This means that payments in cash or rollovers to another fund will contain taxable amounts and you may need to pay tax on these.

Tax payable upon your death or total and permanent disablement, including terminal illness

In accordance with Commonwealth tax legislation, if you are totally and permanently disabled, your Triple S entitlement will be taxed concessionaly.

If your entitlement is paid due to a terminal illness, it will be tax free.

If you die, your Triple S entitlement is tax free if it is paid to your spouse/putative spouse.

Table 3: Your Commonwealth Government preservation age depends on your date of birth:

Date of birth	Commonwealth Government preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

Important note: Commonwealth preservation rules are different from preservation rules in Super SA schemes. You need to be aware of this if you are rolling money out of a Super SA scheme and into the Super SA Flexible Rollover Product.

If you die but have no spouse/putative spouse, your Triple S entitlement will be paid to your estate. If you have nominated a legal personal representative (estate) with Super SA then your benefit will be paid to your estate and distributed according to your Will or the Statutes.

Where your estate then pays your entitlement to your dependants, as defined in tax law, it will be tax free, however if it is paid to a non-dependant, tax will be payable.

Tax and concessional contribution limits

The annual employer and salary sacrifice limit (known as concessional contributions cap, currently \$25,000 per annum) does not apply to contributions made to Triple S as an untaxed fund, in the same way that they apply to taxed schemes, including Super SA Select. Therefore there is generally no limit on the concessional contributions (ie employer and salary sacrifice contributions) that can be made to Triple S each year.

Fact Sheet > Super SA > Triple S TAX

The information in this document forms part of the Triple S Product Disclosure Statement dated 22 August 2019

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How can I provide my TFN?

Online:

Log in to our member portal www.supersa.sa.gov.au and update your TFN.

Post:

Download the *Tax file number notification* form and send it to Super SA.

However, it is important to note that any concessional contributions made to Triple S will be counted towards your concessional contributions cap where you also receive concessional contributions to a taxed super fund. Although you will not exceed your concessional cap under Commonwealth Law as a result of concessional contributions made to Triple S, any additional concessional contributions made to a taxed fund may result in you exceeding the cap.

Even though there's no annual concessional contribution cap in respect of contributions made to Triple S, it is important to note that a lifetime concessional contributions cap applies for untaxed funds (currently \$1,515,000).

Individuals whose income and relevant concessional taxed super contributions exceed \$250,000 pa will pay 15% tax on the amount of relevant concessional contributions that exceed the \$250,000. More information is available in the *Division 293 tax for high income earners* section.

Tax and breach of limits

The Commonwealth Government has set certain limits. Exceeding the following limits will incur the highest marginal rate plus Medicare levy:

- After tax (non-concessional) contributions are limited to \$100,000 each financial year or, if you are under age 65 during the financial year, you can bring forward the limit for two years to contribute up to \$300,000 in one year.
- When claiming your super, any portion which has not been taxed (ie concessional contributions from your employer by way of salary sacrifice) and exceeds \$1,515,000, will be taxed at the top marginal rate plus Medicare levy.

If you exceed your non-concessional or concessional contribution caps, you will receive a notice from the ATO which will advise you of your options. You may be able to release excess non-concessional contributions from Triple S, but

excess concessional contributions cannot be released from Triple S. If you wish to release excess concessional contributions you will need to do this from a taxed super fund with whom you have an account.

Division 293 tax for high income earners

If the sum of your income and relevant concessional taxed contributions is over \$250,000 per year, you'll be taxed at 15% of your relevant concessional contributions above the \$250,000 threshold. If you are liable for the tax you'll receive notification from the ATO advising you of the amount payable and your payment options. The ATO will issue a Division 293 tax notice that may be made up of:

- A due and payable amount in respect of accumulation interests (eg Triple S)
- A deferred payment in respect of defined benefit interests (eg Lump Sum and Pension schemes).

For information about your payment options, including the option to have your Division 293 tax liability paid from your Super SA account, please refer to the *Division 293 Tax* fact sheet on the Super SA website.

It is also noted that different rules apply to individuals who are classified as 'State Higher Level Office Holders' whose employers make certain contributions to constitutionally protected funds. They are generally exempt from Division 293 tax unless the contributions are made as part of a salary package (ie salary sacrifice).

Superannuation Surcharge

The Superannuation Surcharge, was a tax imposed by the Commonwealth Government on your surchargeable contributions once your Adjusted Taxable Income had reached certain levels. The tax was introduced on 20 August 1996 and levied until 30 June 2005.

Surchargeable contributions were the total contributions paid into your scheme by your employer

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To find out more visit supersa.sa.gov.au



Fact Sheet > Super SA > Triple S TAX

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and included your salary sacrifice contributions. Any surcharge liability accrued prior to 1 July 2005 will be payable upon leaving Triple S, however members can elect to use a portion of their super entitlement to pay any outstanding surcharge liability rather than paying this with after-tax money.

Further information on the Superannuation Surcharge is available in the Triple S *Surcharge* fact sheet on the Super SA website.

Tax file numbers

Your tax file number (TFN) is a unique number issued to you, as a taxpayer, by the ATO. It enables the ATO to match information it receives about income earned with details disclosed in your tax return.

Providing your super scheme with your TFN will have the following benefits:

- your super scheme will be able to accept all types of contributions to your account
- you will not pay additional tax on your contributions
- other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your super entitlement
- it will make it much easier to trace different accounts in your name so that you receive all your super when you retire
- your super fund will be able to accept payment of your Commonwealth Government co-contribution to your account.

Your TFN will only be used for lawful purposes. These purposes may change in the future as a result of legislative change. The Super SA Board may disclose your TFN to another super fund when your entitlements are being transferred, unless you notify the Super SA Board in writing that your TFN may not be disclosed to any other trustee.

Super SA can tell you if we already have your TFN, you can log in and check online in our member portal at www.supersa.sa.gov.au or you can check your Annual Statement.

Further information

The Triple S Product Disclosure Statement and the following fact sheets may be of particular assistance if read in conjunction with the information presented here:

- Grow your super
- Member Entitlements
- Surcharge

Fact sheets on a range of topics relating to your super are available on the Super SA website. Alternatively, if you have any enquiries regarding tax or any other matters raised in this fact sheet, please contact Super SA.

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Disclaimer

The information in this document is intended to help you understand your entitlements in Triple S. Super SA does its best to make sure the information is accurate and up to date. However, you need to be aware that it may not include all the technical details relevant to the topic. For the complete rules of Triple S, please refer to the *Southern State Superannuation Act 2009* and *Southern State Superannuation Regulations 2009*. The Act and accompanying Regulations set out the rules under which Triple S is administered and entitlements are paid. You can access a copy from the Super SA website.

Triple S is an exempt public sector superannuation scheme and is not regulated by the Australian Securities and Investments Commission (ASIC) or the Australian Prudential Regulation Authority (APRA). Super SA is not required to hold an Australian Financial Services Licence to provide general advice about Triple S.

The information in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Super SA recommends that before making any decisions about Triple S you consider the appropriateness of this information in the context of your own objectives, financial situation and needs, read the Product Disclosure Statement (PDS) and seek financial advice from a licensed financial adviser in relation to your financial position and requirements.

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