Watch your super grow!

Salary sacrifice and super

Boosting your super, by making extra contributions from your before-tax salary, is a great way to save today so you have a better tomorrow. Plus you may save on tax too!

With salary sacrifice, you have an arrangement with your employer to pay some of your before-tax income into your super, on top of the usual super guarantee (SG) contributions.

The two main benefits of salary sacrificing are:

1. your super grows faster with the extra super contributions
2. you may pay less tax - a salary sacrifice arrangement reduces your taxable income, meaning you may pay less tax on your income.

Generally, salary sacrifice contributions are taxed at a rate of 15% instead of your marginal income tax rate.

You should check with your employer to see if they offer salary sacrifice arrangements.

How does it work?

Salary sacrifice can be a tax-effective way to grow your super.

These contributions are generally taxed at 15%, which may be less than your marginal income tax rate.

Potential tax savings available

Income	Tax rate[1] if you receive this as income	Tax rate on the contributions if you salary sacrifice into super	Potential tax savings
$0 - $18,200	0%	15%	Nil
$18,201 - $45,000	16%	15%	1%
$45,001 - $135,000	30%	15%	15%
$135,001 - $190,000	37%	15%	22%
Above $190,000	45%	15%[2]	30%[2]

[1]Tax rates for 2024–25 exclude the Medicare levy and personal tax offsets that may apply. | [2]If your combined income and before-tax contributions go over $250,000 a year, you may pay an extra 15% on some or all of your before-tax contributions, as advised by the Australian Taxation Office (ATO).

How to start salary sacrificing to super

Talk to your employer or HR team and let them know how much you'd like to salary sacrifice into your super each pay.

You can nominate a fixed amount (e.g. $100 per pay) or a percentage (e.g. 5% of your salary).

It's best to have your salary sacrifice arrangement in a written agreement. This could be as simple as an email or a form provided by your employer.

If you want to make before-tax contributions but your employer doesn't offer salary sacrifice to super, consider making a personal contribution and claiming a tax deduction. This has the same tax outcome as salary sacrifice. For more details, read our *Claiming tax deductions for contributions* fact sheet.

If you earn less than $60,400 in 2024-25, you may be eligible for a super co-contribution on personal contributions you don't claim a tax deduction for (conditions apply). Use the MoneySmart Super contributions optimiser at moneysmart.gov.au to work out what's best for you or talk with your accountant or tax adviser.

Not all employers offer salary sacrifice.

Meet Jane

**Jane earns $70,000 each year.
To boost her retirement savings and save on tax, she salary sacrifices $100 each fortnight into super.**

Result!

Jane will benefit from income tax savings of $832 and extra net super contributions of $2,210 each year.

**Jane's take-home pay is reduced by $68.00 per fortnight.
Jane's super is increased by $85.00 each fortnight.**

Meet Aaron

Aaron earns $120,000 each year and salary sacrifices $250 each fortnight to his super account.

Should Aaron salary sacrifice into super?

Impact on income tax	No salary sacrifice	Salary sacrifice
Annual income	$120,000	$120,000
Salary sacrificed super contributions	-	($6,500)
Taxable income	**$120,000**	**$113,500**
Total income tax[3]	**($29,188)**	**($27,108)**
Take-home pay	**$90,812**	**$86,392**

Impact on super balance	No salary sacrifice	Salary sacrifice
Salary sacrificed super contributions	-	$6,500
Employer SG contributions	$13,800	$13,800
Contributions tax	($2,070)	($3,045)
Increase to super balance	**$11,730**	**$17,255**

[3]Includes the Medicare levy.

Result!

By reducing his take-home pay by about $170 each fortnight, Aaron could **reduce his annual income tax bill by $2,080** and **save an extra $5,525** in his super in a year.

Contribution limits

There are limits to how much you can contribute to your super each financial year without incurring additional tax. These are known as contribution caps.

There are two caps to be aware of: a before-tax (concessional) cap and an after-tax (non-concessional) cap. If you go over these caps, you'll generally pay extra tax.

Salary sacrifice contributions count towards your before-tax (concessional) cap. This cap also includes employer SG contributions and personal contributions you've claimed a tax deduction for.

The before-tax (concessional) cap is $30,000 in 2024-25. You may be able to increase your before-tax cap by carrying forward unused before-tax contribution cap amounts from 1 July 2019. Conditions apply. Read our *Super contributions* fact sheet or call **1800 005 166** for more details.

Should you salary sacrifice or make personal contributions?

Salary sacrifice isn't right for everyone. You may benefit more from making personal contributions (and not claiming a tax deduction).

You may qualify for a super co-contribution if you:

- earn less than $60,400 in 2024-25 and
- make personal contributions into your super account.

Other conditions apply. For more details, read our *Boosting your super with government help* fact sheet or call **1800 005 166**.

Use the MoneySmart Super contributions optimiser at moneysmart.gov.au to work out what's best for you or speak with your accountant or tax adviser.

Need advice?

We're here to help you make the most of your super. You can access general information, education, and personal advice about your CareSuper account at no extra cost.

If you need advice on your entire financial situation or have more complex needs, we can assist with that too. There might be an additional cost, but we'll explain any fees upfront, and you'll only pay for the services you agree to.

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