Reference guide

Tax, super and privacy

Prepared: 1 July 2023

The information in this guide forms part of the Product Disclosure Statements (PDS) dated 1 July 2023 for:

- smartMonday PRIME
- smartMonday DIRECT
- smartMonday PRIME TESF
- smartMonday PRIME – Minter Ellison Partners' Superannuation Fund
- smartMonday PRIME KPMG Executive Superannuation Plan
- smartMonday PRIME KPMG Staff Superannuation Plan

About this reference guide

This guide provides a summary of how super is taxed based on tax laws (including tax rates, limits and thresholds) assuming we hold your tax file number (TFN), and some of the rules around contributions and accessing your super, relevant at the date of its preparation. These laws and rules are subject to change. For updated information about tax, including tax rates, limits and thresholds, go to the Australian Taxation Office (ATO) website **ato.gov.au/super.** How these rules impact you depends on your personal circumstances. You should obtain your own taxation advice about your personal situation.

The information in this guide may change between the time you read it and when you make a decision. Non-materially adverse changes to the information in this guide will be made available on our website or on request free of charge.

Tax on contributions into super

Concessional contributions

Before-tax contributions such as employer Superannuation Guarantee (SG) and any salary sacrifice arrangements you make with your employer are known as concessional contributions. That's because the amounts come out of your salary or wages entitlements before pay-as-you-go (PAYG) tax is deducted by your employer. Concessional contributions also include personal contributions you make, that you claim a tax deduction on (see below).

Concessional contributions are subject to tax payable by your super fund (usually) at super's lower 'concessional' rate of up to 15%. We deduct this tax at the maximum 15% rate, however you may receive the benefit of tax deductions in relation to certain fees and costs you incur (See the *Fees and costs* reference guide relevant to your participation in the fund, available at **smartmonday.com.au** for more information). A higher rate of 30% may apply to some of the contributions if you're a high-income earner (see page 2).

The Government's rules around SG require employers to make compulsory contributions on behalf of most employees. The minimum SG rate from 1 July 2023 is 11% of an employee's ordinary time earnings (OTE) but an employer may choose to contribute a higher amount. The SG percentage rate will continue increasing by 0.5% every financial year until it reaches 12% from 1 July 2025.

Non-concessional contributions

If you make a contribution from your after-tax pay, the contribution will not be subject to tax payable by your super fund (because your payroll office has already taken PAYG tax out, at your marginal tax rate). This is known as a non-concessional contribution.

Tax-deductible contributions

Everyone under age 75 (including those aged 67 to 74 who meet the work test*) can claim a tax deduction on the personal contributions they make from after-tax income. Those contributions will usually be subject to tax, payable by your super fund, at up to 15% and will count towards your concessional contributions cap (see next section). The amount of concessional contributions that can be made without attracting additional tax is subject to a much lower limit than for non-concessional contributions.

A tax deduction can be claimed for 100% of eligible contributions made. In order for this to occur, you'll need to let us know you're intending to claim a tax deduction on your personal contributions for the year by completing a *Notice of intent to claim a tax deduction* form ('Deduction Notice') available on the website **smartmonday.com.au** and returning it to us before you lodge your income tax return and before 30 June of the following financial year. The Deduction Notice must be acknowledged by your super fund. The fund can refuse to acknowledge a Deduction Notice in certain circumstances (for example, your account balance does not contain sufficient monies to meet the tax applicable to deductible contributions or you have left the fund). **You should obtain your own taxation advice about making tax-deductible superannuation contributions.**

* The work test requires you to have worked at least 40 hours within 30 consecutive days in the financial year you make the contributions. Exceptions from the work test are available depending on your circumstances. For example, if you have a 'total superannuation balance' (i.e. in summary your total superannuation savings including superannuation pensions, in all funds you participate in) of less than $300,000 at the end of the previous financial year and you meet other conditions, the work test won't apply. For further information about any work test exceptions that are available, contact us.

Additional tax for high income earners (Div. 293 tax)

Div. 293 tax is an additional tax on super contributions, which reduces the tax concession for high income earners. It is payable at the rate of 15% if your Div. 293 income and super contributions exceed the threshold of $250,000.

The 15% tax is payable on either your contributions, or the amount over the threshold – whichever amount is lower. Div. 293 tax is in addition to the 15% tax already paid on concessional contributions to the fund.

Please consult your tax adviser or visit **ato.gov.au/super** to understand how this may affect you.

Contribution caps

There are limits to the amount of concessional contributions and non-concessional contributions you can make into super each financial year. The caps take into account all super contributions you made across all funds you participate in.

Concessional contributions cap

The concessional contributions cap for the 2023-24 financial year is $27,500. The cap is subject to indexation in future years.

Before-tax contributions from your employer (including salary sacrifice and additional employer contributions), and any after-tax personal contributions for which you claim a tax deduction are included in your annual concessional contributions cap.

Any contributions which exceed the cap will be included in your taxable income and taxed at your marginal rate (plus an excess concessional contribution charge) calculated by the ATO. The amount of contributions which exceed the cap will also count toward your non-concessional cap (see next section). You can apply to the ATO to withdraw up to 85% of the excess concessional contributions from your super fund to help pay your income tax assessment.

If your total super balance is less than $500,000 at the end of a financial year, you'll be able to 'carry forward' any unused part of your annual concessional cap amounts from a previous year (for unused cap amounts from 1 July 2018) for up to five years to make 'catch up' contributions.

Non-concessional contributions cap

The non-concessional contributions cap is $110,000 for the 2023-24 financial year. It is four times the concessional contributions cap. The cap is subject to change in future years (if the concessional contributions cap increases due to indexation).

Non-concessional contributions include all personal (after-tax) contributions for which you have not claimed a tax deduction, any spouse contributions made for you and any excess concessional contributions.

If you're under age 75 you may be eligible to 'bring forward' up to two years of non-concessional contributions (e.g. total non-concessional contributions of up to $330,000 from 1 July 2021).

You can only make non-concessional contributions in a financial year if your total super balance is less than the 'transfer balance cap' as at 30 June of the previous financial year (see next section). You should refer to the information on the ATO website to help you assess how the cap will impact your ability to make additional contributions to the fund.

Non-concessional contributions which exceed the cap will attract additional tax payable by you, depend on whether you withdraw the excess contributions (and associated earnings, to the extent permissible) from your super, and the timing of the withdrawal. Go to **ato.gov.au/super** for further information about the options available to you if you exceed your non-concessional contributions cap.

What is your 'Total super balance'?

Includes money you have in super accounts, transition-to-retirement pension accounts, and retirement pension accounts. Your total super balance can affect the contributions you can make to super. It can also have other consequences, for example, eligibility for the Government co-contribution or tax offset for spouse contributions.

The 'transfer balance cap'

The Government places a limit on the amount of money that can be transferred to the tax-free retirement phase of super. The transfer balance cap may be subject to indexation over time, as determined by the ATO.

Financial year that the pension is commenced	Transfer balance cap
1 July 2017-30 June 2018	$1.6 million
1 July 2018-30 June 2019	$1.6 million
1 July 2019-30 June 2020	$1.6 million
1 July 2020-30 June 2021	$1.6 million
1 July 2021-30 June 2022	$1.7 million*
1 July 2022-30 June 2023	$1.7 million
1 July 2023-30 June 2024	$1.9 million*

* The transfer balance cap was indexed for inflation for the first time since its introduction in 2017 on 1 July 2021, and again on 1 July 2023. Please check **ato.gov.au/super** for more information about the transfer balance cap applicable to your personal circumstances.

Any notional earnings on the amount above this limit (the 'excess transfer balance') is subject to tax up to 15% (for the first breach of the limit) or 30% (for subsequent breaches), payable by you to the ATO. Notional earnings are based on a calculation set by legislation and calculated by the ATO.

The tax applies while the limit is exceeded, that is, until you commute (withdraw) the excess amount.

Additional incentives and tax benefits

Concessional rate on investment earnings

Investment earnings on your investment options in the fund are taxed at the concessional rate of up to 15%. This tax is taken into account in the unit prices for the investment options.

Tax offset for spouse contributions

If your spouse earns less than $40,000 p.a. you could be eligible for a tax offset if you make after-tax contributions of up to $3,000 on their behalf. The maximum tax offset available is $540 per annum.

Spouse contribution splitting

Depending on your age, splitting contributions with your spouse may reduce your personal tax. You can split or transfer your concessional contributions to your spouse's super account, provided you meet relevant criteria in superannuation laws.

You should obtain your own taxation and financial advice about contribution splitting. Call us if you wish to split contributions with your spouse.

Government co-contribution

The Government's co-contribution scheme is an easy way to help your super savings grow. If you're an eligible low or middle-income earner and eligible for the scheme, the Government will make a co-contribution of 50c for every $1 of personal contributions you put into super (which you don't claim a tax deduction for), up to a maximum co-contribution of $500 a year. All you have to do is make an after-tax contribution and lodge your tax return. Go to **ato.gov.au/super** for information about the eligibility criteria for receiving a Government co-contribution.

Low income super tax offset

Under this scheme, the Government offsets the 15% tax paid on concessional contributions for eligible individuals earning less than $37,000 p.a. The maximum offset available is $500 p.a. and is paid by the ATO as a contribution into your super account if you are eligible.

Downsizer contributions

If you are 55 or older, you may be able to make a contribution of up to $300,000 into your super after selling your home, if eligible. This is called a downsizer contribution and is not subject to all the usual rules for making contributions (for example, the downsizer contribution will not be considered a non-concessional contribution or count towards your contribution caps).

To make a downsizer contribution, you must have entered into the contract of sale on or after 1 July 2018 and owned the home for 10 years or more. Other conditions apply.

If you're considering a downsizer contribution, we recommend checking the rules and your eligibility on the ATO website at **ato.gov.au/super**.

We also strongly recommend seeking financial advice as this is a major event with potentially wide ranging and permanent consequences for you and your spouse. For instance, the downsizer contribution may impact your eligibility to claim the age pension.

For more information on these and other superannuation incentives see the ATO website at **ato.gov.au/super** or call them on **13 10 20**.

Accessing your super benefits and preservation rules

In most cases, access to your super benefit is restricted until you have retired or you transition to retirement. Your benefit is made up of three components:

- **Preserved** – super which can only be accessed subject to certain conditions (set out below)
- **Unrestricted non-preserved** – super which can be accessed at any time
- **Restricted non-preserved** – super which in some cases can be accessed when you cease employment.

Your annual benefit statement will show the components of your super benefit. Call us if you need access to your super.

Generally, if you are an Australian or New Zealand citizen, or permanent resident of Australia, you can access the 'preserved' component of your super benefit if you:

- reach age 65
- reach age 60 and leave an employment arrangement
- reach your 'preservation age' (see table below) and retire permanently from the workforce
- reach your 'preservation age' and keep working, but choose to access some super under the rules which govern transition to retirement
- obtain release on severe financial hardship or compassionate grounds
- suffer from a terminal medical condition (i.e. an illness or incur an injury that will result in death within a 24-month* period from the date of medical certification)
- become permanently incapacitated or die.

* See 'Terminal medical condition' on page 4.

There are other circumstances in which your super may be accessed. For example, under super housing measures introduced by the Government (see next section). Also, if you are a temporary resident leaving Australia permanently for overseas, you can also access preserved super (conditions apply).

Your preservation age is based on your date of birth	Preservation age
Between 1 July 1963 and 30 June 1964	59
1 July 1964 or after	60

Note: Anyone born before 1 July 1963 has already reached their preservation age.

Accessing your super for a deposit on a first home

The Government established the First Home Super Saver Scheme, which enables you to withdraw a limited amount of your voluntary contributions made on or after 1 July 2017 (together with associated earnings) for a deposit on your first home, if you are eligible. The contributions that you can access are:

- voluntary non-concessional contributions (e.g. personal contributions for which you don't claim a tax deduction)
- 85% of voluntary concessional contributions (e.g. voluntary salary sacrifice contributions and tax deductible personal contributions).

Up to $15,000 of these contributions made during a financial year count towards the amount that can be released, and the maximum amount of contributions that can be accessed for a deposit on your home is $50,000.

Amounts withdrawn (excluding non-concessional contributions but not deemed earnings on those contributions) form part of your taxable income but are eligible for a 30% non-refundable tax offset when you lodge your income tax return. Withdrawn contributions still count towards your contribution caps.

To find out more, and to apply for this facility, visit the ATO website at **ato.gov.au/super**.

Tax when you take money out of super

Tax may be payable on the taxable component of your super benefit depending on your age at the time you make a lump-sum withdrawal:

- under preservation age: 20% (plus Medicare levy)
- preservation age to age 59: first $235,000* tax-free, and the remainder taxed at 15% (plus Medicare levy)
- age 60 or over: tax-free

* This is the Low Rate Cap amount which sets the amount of taxable components (taxed or untaxed elements) of a super lump sum that can receive a lower (or nil) rate of tax. The cap is $235,000 for the financial year 2023-24 and is subject to indexation in line with AWOTE, in increments of $5,000 (rounded down).

Tax on death benefits

Tax on death benefits varies according to who receives the benefit and how it is paid.

Lump-sum payments

Lump-sum benefits are tax free if paid to your spouse, a child under the age of 18, or any person who is financially dependent on you, or in an interdependency relationship with you.

Lump-sum benefits paid to a non-dependant are taxed at 15% on the taxable component, plus Medicare levy.

If a death benefit is paid to your legal personal representative (i.e. usually an executor of your estate), they will be responsible for withholding the appropriate level of tax for the final beneficiary.

Pension payments

The tax payable on the taxable component depends on the age of the deceased and recipient of the pension. Where either of the deceased or recipient are 60 or older, the pension will usually be tax free. Where a pension is paid, and both the deceased and recipient is under 60 at the date of death, the taxable component will be taxed at the beneficiary's marginal tax rate plus Medicare levy, with a 15% tax offset applied (where available).

Additional tax may apply in relation to a pension received by a dependant, depending on the dependant's circumstances (including the amount of pension payable to the dependant and the dependant's other super benefits). The tax rules applicable to death benefit pension payments are complex and you should obtain taxation and financial advice relevant to you (and your beneficiary's) circumstances, if you would like further information about this.

Terminal medical condition

If you suffer from an illness or injury that could result in death within a 24-month period (commencing from the date of medical certification provided to the trustee) and are also eligible to receive your super benefit (which may include an insured amount) under the rules applicable to your membership in the fund, your benefit will be tax free.

Please note: eligibility for insured benefits in the case of terminal illness may be different. A 12-month certification period may apply. Refer to the *Insurance guide* relevant to your participation in the fund for information about the criteria that apply to terminal illness insurance claims. If you withdraw your super account balance because you satisfy the 24-month certification period for a terminal medical condition before making an insurance claim, your insurance cover will cease.

Tax on permanent incapacity benefits

Generally, if you're under 60 and you receive a benefit on becoming permanently incapacitated (which may include an insured total and permanent disablement (TPD) benefit), the part of the benefit representing service up to the date of disablement is taxed as a lump sum. The part of the benefit that relates to projected service from the date of your disablement up to age 65 is tax free if you qualify as an invalid. If you're 60 or over the TPD benefit is tax free.

Tax on temporary incapacity benefits

Temporary incapacity benefits in the form of insured income protection benefit payments are treated as taxable income and, like salary and wages, attract PAYG tax at your marginal tax rate. The tax is deducted and remitted to the ATO before the benefit is paid by or on behalf of the fund.

Benefit payments to temporary residents departing Australia

Departing Australia Superannuation Payments (DASP) paid to former temporary residents are subject to withholding tax:

- 0% for the tax-free component
- 35% for a taxed element of a taxable component
- 45% for an untaxed element of a taxable component.

If you are a 'Working Holiday Maker' (the holder of a 417 or 462 visa or an associated bridging visa), the tax rate for DASP is 65% where the DASP includes amounts attributable to superannuation contributions made under a Working Holiday Maker visa. This rate applies to both the taxed and untaxed element of the taxable component. The amount of tax withheld depends on information available to the fund and a former temporary resident's circumstances.

If you're eligible you can apply for your DASP at any time after leaving the country. Australian and New Zealand citizens are not eligible for a DASP as they have retiring rights in Australia. See the *Temporary residents and superannuation* factsheet available at **smartmonday.com.au**.

If you don't claim your benefit within six months of leaving the country, your benefit will be transferred to the ATO as unclaimed monies. You'll then need to apply directly to the ATO to claim your benefit. You have a right to claim your super money directly from the ATO (subject to the applicable tax) under Government legislation.

We are not required to notify you if we transfer your super to the ATO in these circumstances. The trustee relies on relief provided under the Australian Securities & Investments Commission (ASIC) Corporations (Unclaimed Superannuation Former Temporary Residents) Instrument 2019/873 which says, in effect, that the trustee of a superannuation fund is not obliged to meet certain disclosure requirements in relation to non-residents that have ceased to hold an interest in the fund as a result of the payment of unclaimed super to the ATO.

Need more information?

The rules around super and taxation are complex and change quite often. There's more information available at:

- The ATO on **13 10 20** or visit **ato.gov.au/super.**
- Another good source of information on super is the Australian Securities and Investments Commission (ASIC) website **moneysmart.gov.au**.

Privacy

Your right to privacy

When you provide instructions to us, we will be collecting personal information about you. This information is needed to admit you as a member of the fund, administer your superannuation benefits and identify when you may become entitled to your benefits and to comply with Australian taxation laws and other applicable laws and regulations. If the information requested is not provided, we may be unable to administer your benefits, or your benefits may be restricted.

Privacy Statement

A copy of the trustee's privacy statement is available at **eqt.com.au/global/privacystatement**. Alternatively, you can contact the trustee's Privacy Officer on **(03) 8623 5000** or via email at **privacy@eqt.com.au**. You should refer to the Privacy Statement for more detail about the personal information that we collect and how personal information is collected, used and disclosed. Some general information is set out below.

Use and disclosure

The information that you provide may be disclosed to certain organisations to which we have outsourced functions, or which provide advice to us and/or to Government bodies, including but not limited to:

- Organisations involved in providing, administration and custody services for the fund, the fund's insurers, accountants, auditors, legal advisers, and/or those that provide mailing and/or printing services.
- In the event that you make a claim for a disablement benefit, the insurer may be required to disclose information about you to doctors and other experts for the purposes of assessing your claim.
- The ATO, APRA, ASIC, AUSTRAC, Centrelink and/or other government or regulatory bodies.
- Those where you have consented to the disclosure and/or as required by law.

In some cases, these organisations may be situated in Australia or offshore.

smartMonday is the administrator of the fund, and its privacy practices are set out in the *Privacy Policy* at **smartmonday.com.au**.

A link to an insurer's Privacy Statement may be contained in the *Insurance guide* relevant to your participating in the fund. Alternatively, contact us and we can obtain a copy for you.

Your tax file number

Under the Superannuation Industry (Supervision) Act 1993, we are authorised to collect, use and disclose your TFN. We may disclose it to another super fund, when your benefits are being transferred, unless you request us in writing that your TFN not be disclosed to another super fund.

Declining to quote your TFN to us is not an offence, however providing your TFN will have the following advantages:

- the fund will be able to accept all permitted types of contributions to your account;
- other than the tax that may ordinarily apply, you will not pay more tax than you need to – this affects both contributions to your super and benefit payments when you start drawing down your super benefits; and
- it will make it much easier to find different super accounts in your name so that you receive all your super benefits when you retire.

Direct marketing

We may from time to time provide you with direct marketing and/or educational material about products and services we believe may be of interest to you. Should you not wish to receive this information from us (including by email or electronic communication), you have the right to 'opt out' by contacting us by phone, email or post.

Access and correction

Subject to some exceptions allowed by law, you can ask for access to your personal information. You will be given reasons if you are denied access to this information. Our Privacy Statement outlines how you can request to access and seek the correction of your personal information.

Privacy complaints

Our Privacy Statement contains information about how you can make a complaint if you think we have breached your privacy and about how we will deal with your complaint.

Customer identification

The AML/CTF Act requires the providers of financial products and services to conduct customer identification. This may occur on account opening, during the course of the customer relationship and/or upon withdrawal of funds. You will be asked to provide copies of appropriate documentation to verify your identity. This may affect processing times for certain transactions – for example, withdrawals may be delayed if suitable identification is not provided when requested. We will not be liable to you if any transactions or requests are delayed or refused due to any AML/CTF Act requirement.