Personal after-tax contributions

What are personal after-tax contributions?

After-tax contributions are the amounts you choose to contribute to your superannuation fund from your after-tax income.

These contributions are classified as non-concessional contributions (NCCs) for tax purposes and can be an important contribution strategy to help boost your superannuation benefit.

Personal after-tax contributions do not include contributions made:

- by your employer; or
- as part of a salary sacrifice arrangement; or
- on behalf of another person – such as your spouse; or
- by the government in the form of the co-contribution.

They can be made at regular intervals or as a one-off payment. You can make these contributions from your after-tax income directly to your super fund or via a payroll deduction (if your employer agrees).

Personal after-tax contributions are subject to the following limitations:

- **if you are under 65 years of age** – you can contribute to your superannuation as long as your super fund has been provided with your Tax File Number (TFN).
- **if you are aged 65 or over but less than 75 years of age** – you can contribute to your superannuation if you can show that you were gainfully employed[1] for at least 40 hours over a consecutive 30 day period during the financial year, and your super fund has been provided with your TFN.

  Personal after-tax contributions cannot be made if you are aged over 75 years. Only mandated employer contributions under an industrial award or certified agreement can be made for members over the age of 75.

1 Employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

Limits on personal, after-tax NCCs

The table below summarises the tax payable on NCCs for the 2009-2010 financial year.

Situation	Non-concessional contributions
If no TFN quoted	Fund cannot accept contributions
Contributions exceeding NCC cap of $150,000: if aged less than 65, an individual may bring forward two years of caps and contribute up to $450,000 in any one year	Additional tax of 46.5% imposed by ATO

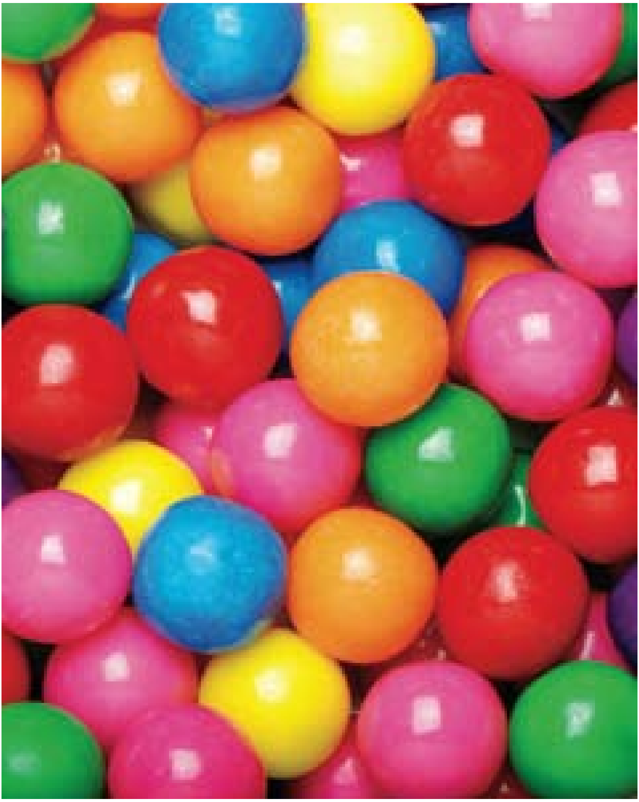
In the 2009-2010 year an annual limit of $150,000 per person applies to all NCCs. However, if you are under age 65, you can elect to bring forward up to two years worth of contributions and invest up to $450,000 in one year. If you do this, no further contribution will be allowed in years two and three and you will not need to meet a work test in any of the three years.

NCCs are those contributions for which a tax deduction has not been claimed, including your personal after-tax contributions, as well as spouse contributions. Any excess concessional contributions will also count towards your NCC cap.

The 3 year bring forward NCC cap is not indexed.

Certain after-tax contributions will also be excluded from the annual limits. These include:

- the proceeds from the sale of small business assets up to a lifetime limit of $1.1 million; and
- certain settlements received for injuries relating to permanent disablement.



Tax on non-concessional contributions

Contributions exceeding your NCC cap will be taxed at a rate of 46.5 per cent.

Where tax is payable, the super fund will release sufficient benefits at your request to pay the tax owing.

After-tax contributions are not subject to the 15 per cent contributions tax that applies to tax deductible contributions when they enter the superannuation environment. The investment earnings on your NCCs are taxed concessionally at a maximum rate of 15 per cent, which is likely to be lower than the marginal tax rate you pay when investing outside super.

Remember, before making any decisions about your superannuation we recommend that you obtain advice from a financial adviser who can outline the possible advantages and tax implications of using a personal, after-tax voluntary contributions strategy and how they relate to your personal needs and objectives.

Where to from here?

Thinking about your next steps you may want to consider:

Whether to make a before or after-tax contribution
Deciding on what type of contribution to make will depend on your circumstances and your income.

Helping you get on track

Making a contribution
You can make a NCC by downloading a copy of *Your after-tax voluntary contribution form* at **www.plum.com.au** and sending it with a cheque to Plum. Alternatively, contact a Plum Member Services Consultant on **1300 55 7586**.

Making a contribution via BPAY®
You now have the opportunity to use BPAY to make personal, voluntary after-tax contributions as well as receive contributions on behalf of your spouse. Further details on BPAY are available on our website at **www.plum.com.au** Alternatively, you can contact a Plum Member Services Consultant on **1300 55 7586**.

Did you know…

As a member of the Plum Superannuation Fund you can access the services of financial advisers through *Momentum Financial Advice*. This service provides general advice over the phone – at no cost to you, in addition to personal face-to-face advice if you require more in-depth advice about your personal financial circumstances.

If you would like more information about *Momentum Financial Advice* or would like to access this service, contact a Plum Member Services Consultant on **1300 55 7586**.

Momentum Financial Advice is a service provided by GWM Adviser Services Limited (GWMAS) ABN 96 002 071 749 AFSL 230692 through an agreement with PFS Nominees Pty Ltd as trustee of the Plum Superannuation Fund. GWMAS, the Trustee and Plum Financial Services Limited are part of the National Australia Group of companies. GWMAS and the financial advisers may receive a commission when applications are lodged for certain financial products. Further information on commissions can be obtained from the financial adviser's *Financial Services Guide*. Neither Plum nor the Trustee endorses or guarantees any advice provided by GWMAS or any financial adviser referred through the *Momentum Financial Advice* services. The Trustee, through its administrator, Plum, merely facilitates members' access to these services and does not accept any liability for the services provided.

Contact us for more information

If you would like further information, visit the *Member* section of the Plum website:

www.plum.com.au or email us at **service@plum.com.au** or

speak with a Plum Member Services Consultant on **1300 55 7586**.

PLR140-2009_08