

7. HOW SUPER IS TAXED

The information in this document forms part of the Product Disclosure Statement (PDS), dated 1 July 2023 for the Active Super Accumulation Scheme. This document is dated 1 July 2023 and is available free of charge at activesuper.com.au/PDS or from Member Care on 1300 547 873.

Please note that the information contained in this fact sheet represents Active Super’s understanding of taxation law as at the date of issue. We recommend that you seek your own professional tax advice.

The following table provides an overview of the types of taxes on superannuation:

TYPES OF TAXATION	
Contribution tax	<p>Concessional contributions</p> <p>This is a 15%¹ tax levied on all concessional contributions and untaxed components within a rollover from another fund (unless your annual income exceeds \$250,000, when some or all of your concessional contributions may be taxed at 30%). The concessional contributions cap is \$27,500 p.a.</p> <p>Non-concessional contributions</p> <p>Non-concessional contributions are tax-free when below the cap amount of \$110,000 p.a.</p> <p>Transfer balance cap</p> <p>There is a limit of how much super can be transferred into the retirement phase. The transfer balance cap was indexed to \$1.9 million from 1 July 2023. You will be liable to pay excess transfer balance tax if your balance exceeds the cap limit.</p>
Tax on investment earnings	Earnings on investments are generally taxed at a maximum of 15% ¹ . The effective rate may be reduced below 15% due to various tax credits and rebates.
Tax on death benefits	<p>The tax payable on death benefits depends on an individual’s circumstances and is generally 0% for dependants and up to 30% for non-dependants.</p> <p>We recommend that you seek advice from a suitably qualified professional about how the tax laws apply specifically to your estate, spouse and dependants.</p>

¹ From 1 July 2025, the concessional tax rate applied to earnings for balances above \$3 million will be 30%.

Tax on superannuation lump sum payments	There may be tax payable when you make a lump sum withdrawal. Lump sum payments are subject to different tax rates depending on your circumstances.
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Tax treatments on superannuation lump sum payments from a taxed source

COMPONENT	AGE LESS THAN 55	AGE 55–59 ²	AGE 60
Tax-free component	Tax free	Tax free	Tax free
Taxable component	Whole amount taxed at 20%	Tax free up to the low rate cap amount of \$235,000 with the balance taxed at 15%	Tax free

The Medicare levy of 2% is also payable upon any benefit where tax is payable.

Goods and services tax (GST)

Your contributions to and withdrawals from Active Super will not be subject to GST. However, GST will be included in some fees paid by Active Super for management and investment services by the providers of those services.

In respect of some of those GST amounts, Active Super can claim back a portion (either 55% or 75%) of the GST incurred as a reduced input tax credit. This amount is credited to the Fund and the remaining amount (45% or 25%) is effectively included as a fund expense.

Tax deductions for fees and insurance

Contributions tax is payable on the taxable contributions you have throughout the year. Before it is calculated, deductions are claimed for the total administration and insurance fees that you have paid.

The resulting tax benefit will be applied to your account by way of a reduction in contributions tax payable.

Spouse tax rebate

A contributing spouse (if eligible) is entitled to receive an 18% offset for contributions up to \$3,000 per annum to a superannuation fund or retirement savings account.

The maximum offset of \$540 applies to a contribution of \$3,000 where the spouse's eligible income (including reportable fringe benefits) is below \$37,000 per annum. Where the receiving spouse's assessable income exceeds this amount, the offset will

² For those born after 30 June 1960, age 55 is replaced with your preservation age.

phase out on a dollar-for-dollar basis. The spouse tax offset is no longer available when the spouse's income exceeds \$40,000 per annum.

The Australian Taxation Office (ATO) will determine eligibility for the offset. You should contact the ATO for more information about this rebate.

Terminal illness benefits

Where a lump sum benefit is paid for a member who has been approved for a payment relating to terminal illness, no tax will be payable.

Low rate cap

The low rate cap is the limit set on the amount of the taxable component of a super lump sum benefit that you can receive at a lower (or nil) rate of tax. It applies if you have reached your preservation age (55 if born before 1 July 1960) but are below age 60. After reaching age 60 your entire benefit when withdrawn is tax free.

For the 2023/24 financial year, the low rate cap is \$235,000. The low rate cap is a lifetime limit.

Will social security benefits be affected?

Social security benefits depend on individual circumstances. Superannuation benefits may not only affect your social security entitlement, but also those of your spouse and/or dependants who may receive a benefit or pension after your death.

You should seek advice from a suitably qualified professional about how this may affect you.