

# Salary sacrificing to super – increase your super and save tax



*We see creating and looking after your wealth as a lifelong commitment. That's why we offer regular financial advice and guidance throughout the different stages in your life. Together, we can build the financial wealth that lets you enjoy the truly important things in your life.*

Increasing your super and saving tax is simple if you know how.

The principle of salary sacrificing to super involves you giving up pre-tax income and contributing the specified amount to superannuation.

This reduces your taxable income, reduces your tax payments and increases your superannuation contributions for your retirement. In addition, superannuation is taxed concessionaly (in both the accumulation and pension phase).

## Is salary sacrificing to super for you?

Salary sacrificing can be a tax-effective way to make superannuation contributions. These contributions are paid before income tax is deducted from your salary.

For tax purposes they are treated like employer contributions. For example, they are subject to 15% contributions tax.

These contributions, net of tax, accumulate in your preserved account and will count towards your Reasonable Benefit Limit (RBL), which is the maximum amount you can receive at concessionaly taxed rates.

Salary sacrificing to super is even more effective for those on higher marginal tax rates.

By salary sacrificing you can not only save tax, but you can also increase your net wealth over a period of time. Be aware though, preservation rules apply. You must wait until retirement to access your money.

## How salary sacrificing can benefit you

The table below illustrates the effect of salary sacrificing \$5,000 to superannuation on a salary of \$50,000.

	No salary sacrifice	Salary sacrifice
Annual Gross Salary	\$50,000	\$50,000
Salary Sacrifice	\$0	\$5,000
Gross Taxable Salary	\$50,000	\$45,000
Less Income Tax*	\$11,610	\$10,035
After tax income (take home pay)	\$38,390	\$34,965
Employer Super Contributions (9%)**	\$4,500	\$4,500
Salary Sacrifice Super Contributions	\$0	\$5,000
Total Gross Super Contributions	\$4,500	\$9,500
Less 15% Super contributions Tax	\$675	\$1,425
Net Super Contributions	\$3,825	\$8,075
Net Salary package (inc Super) after all taxes are paid.	\$42,215	\$43,040

\*05/06 fin year. Includes 1.5% medicare levy

\*\* Assumes employer continues to pay 9% of pre Salary sacrifice contribution

A salary sacrifice amount of \$5,000 will generate an additional tax saving of \$825 per annum.

**Note:** Advice contained in this flyer is general in nature, and does not consider your particular situation or needs. Please do not act on this advice until its appropriateness has been determined by a qualified adviser.

For more information about salary sacrificing or to arrange a no-cost, no-obligation first consultation, please contact:

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