



FACT SHEET

SUPERANNUATION — CONCESSIONAL CONTRIBUTIONS CAPS

Measure description

This measure will provide greater flexibility for those nearing retirement by continuing, from 30 June 2012, a separate higher concessional contributions cap of \$50,000 (indexed) for those aged 50 or over who have total superannuation balances of less than \$500,000. This will allow these individuals to 'catch up' on their superannuation contributions at the stage in their lives when they are most able to do so. It will particularly benefit those who have had periods outside the workforce.

Rationale

This measure will improve fairness by targeting concessions to those with the greatest need to build their retirement savings.

The measure will enable those with lower superannuation savings, for example women with broken work patterns, to make additional 'catch-up' contributions close to retirement.

Key facts

The current \$50,000 superannuation concessional contributions cap for individuals aged 50 or over is a transitional cap scheduled to expire from 1 July 2012.

Under this measure, from 1 July 2012, the \$50,000 cap will be extended permanently for individuals aged 50 or over with total superannuation balances of less than \$500,000.

This means that individuals aged 50 or over with total superannuation balances of less than \$500,000 can continue to make up to \$50,000 per year in superannuation concessional contributions.

Eligible individuals under the age of 75 will still be able to make non-concessional contributions to superannuation up to \$150,000 per year. Those who are under 65 can also bring forward two years' worth of non-concessional contributions, allowing them to contribute up to \$450,000 of non-concessional contributions in any three-year period.

The measure is expected to benefit 275,000 people.

Indicative timeline

This measure will take effect from 1 July 2012 when the existing transitional concessional contributions cap was due to fall to \$25,000. The Government will consult with the superannuation industry on the operation of the \$500,000 threshold.