

Solutions for the self-employed

July 2024



If you are self-employed or work as a contractor you need to think about super more than anyone else as you don't have an employer automatically paying it for you.

We recognise that if you're self-employed, you have particular needs and questions when it comes to making decisions about saving for your retirement. This fact sheet outlines what you need to consider when to make contributions into super.

Why contribute into super?

There are some important reasons why you should contribute to super.

Peace of mind

It's easy to put saving for retirement on the back burner but by contributing part of your earnings into super now, you're ensuring you have a nest egg when you finish working. Having super savings also means you don't have to rely solely on the sale of your business or the Government's Age Pension to provide for your retirement.

Tax Effective Saving

Super is a tax effective way of saving for your retirement. If you are self-employed, contributing to super is not compulsory. However, if you make personal contributions to your super you may be eligible to claim a tax deduction. If you start young and contribute regularly, it will go a long way to helping you maintain your lifestyle once you finish working.

Low cost and flexible insurance

Did you know, as a self-employed individual, you may be eligible to apply for additional insurance with your super fund? Insurance within super is based on discounted group rates, so it is normally more cost-effective than individual insurance outside of super. You can also choose how much insurance you want to suit your lifestyle or change your cover if your circumstances change. Insurance is an important feature of your super account, providing you and your family with money when it matters.

Tax benefits

Pre-tax (concessional) contributions and earnings are generally taxed at just 15%, rather than at your marginal tax rate until retirement.

Tax-free payments after 60

Once you turn 60 you may start receiving tax-free payments from a super income stream.

How much can I contribute?

You can make either pre or post-tax contributions up to certain limits. Concessional (pre-tax) contributions for self-employed people can be treated as tax-deductible personal contributions.

Members under 75 years old can make any contribution into super (within your existing contribution cap limits). If you are aged 67 to 74 years and wish to make personal tax-deductible contributions, you must work at least 40 hours over a 30 day period in the financial year the contributions are made.

The following contribution limits apply:

Concessional (Pre-tax) contributions cap	Non-Concessional (Post-tax)
\$30,000 per annum	\$120,000 per annum

call 1800 675 839

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Prime Super

Did you know?

- If your total superannuation balance is less than \$500,000, you may be able to carry forward any un-used concessional contributions on a five year basis
- If you are aged under 75 years, you may be eligible to make non-concessional contributions of up to 3 times your annual limit under the bring forward rule. Eligibility also depends on your total superannuation balance.

Your total superannuation balance is the total value of your accumulation account plus any amount in your income stream account, less any payments received as a result of illness or injury into your super fund.

For more information, visit primesuper.com.au/member/super/grow-your-super/maximum-contributions

How to claim a tax deduction

You can claim a full tax deduction for your before-tax super contributions up to \$30,000 a year, or unused cap limits through the carry forward rule. To claim a tax deduction for your contribution you must complete the ATO's *Deduction for Personal Super Contributions form* (NAT 71121) and send it to us.

The information you supply on this form is used by the ATO to identify how your contributions are going to be taxed inside the Fund, or levied personally. Once we receive this form from you, we'll send you an acknowledgement letter.

You can then follow the normal procedures when lodging your income tax return each year, which will include the amount of your personal contribution and the amount of your tax deduction.

How to make a contribution

Once you are a member of Prime Super it's easy to make a contribution.

1. BPAY® – quick, secure and 24/7
 Biller code: 584581
 Reference number: log on to your MemberOnline account or call us on 1800 675 839
2. Direct Debit – just complete a direct debit form online.

Get a super boost from the Government

If you make after-tax contributions to your super, you may be eligible for the government co-contribution scheme which is a super boost from the Government of up to \$500.

If your income is less than \$60,400 a year you could be eligible. Give us a call to find out if you are.

If you have employees

You need to pay compulsory employer super guarantee (SG) contributions to either your employee's nominated super fund or to your default fund.

You pay super no matter whether the employee:

- is full-time, part-time or casual
- earns less than \$450 per month
- receives a super pension or annuity while still working – including those who qualify for the transition-to-retirement measure
- is a temporary resident – when they leave Australia, they can claim the payments you made through a 'departing Australia superannuation payment'
- is a company director
- is a family member working in your business – provided they are eligible for SG.

Other useful information about paying SG

- the SG is currently 11.5% of an employee's ordinary time earnings
- you must pay and report super electronically in a standard format, ensuring you meet SuperStream requirements
- your super payments must go to a complying super fund – most employees can choose their own fund
- if you don't pay the SG on time, you may have to pay the SG charge
- you must pay the SG at least four times a year, by the quarterly due dates.

Quarter	Period	Payment due date
1	1 July – 30 September	28 October
2	1 October – 31 December	28 January
3	1 January – 31 March	28 April
4	1 April – 30 June	28 July

If you miss a payment to your employees super, you may have to pay the SG charge and lodge a SG charge statement.

Find out more

We're committed to helping you grow, manage and protect your wealth and retirement income. If you have any questions about solutions for the self-employed please see:

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