



# CONTRIBUTION CAPS FOR SALARYLINK MEMBERS

## Contribution caps

There are limits to the amount of concessional and non-concessional contributions you can add to your super each year. These limits are known as contribution caps.

For more information about contribution caps and their tax implications, please read the Hostplus Member Guide available at [hostplus.com.au](http://hostplus.com.au)

## Non-concessional caps

Non-concessional contributions are any contributions you make to your super account after tax.

## Concessional caps

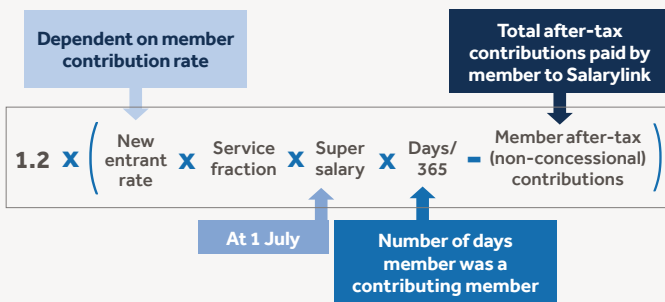
For Salarylink accounts, the concessional contributions reported to the Australian Tax Office are known as Notional Taxed Contributions. These are calculated by a formula (instead of the actual contributions made by you and your employer).

## How are NTCs calculated?

Notional Taxed Contributions (NTC) are calculated using a formula as required by legislation rather than employer Salarylink contributions being allocated to individual members.

The Annual NTC Value is calculated as follows:

## Notional Taxed Contribution =



In addition to the NTCs, the following contributions are also included in your concessional cap:

- employer contributions
- salary sacrifice
- personal contributions for which you claim a tax deduction.

## Example

John is a Salarylink member who started working as a landscaper at his local council two years ago. He works full-time hours and his annual salary last 1 July was \$60,000. John's Salarylink total contribution rate is 6% for the full financial year. Of this, 4% is salary sacrifice contributions and 2% is after-tax contributions. Based on his total contribution rate, his New Entrant Rate is 11%. His annual NTC for the financial year is therefore:

NTC =	$\frac{1.2 \times (11\% \times 1 \times 60,000 \times 365 - (60,000 \times 2\%))}{365}$
NTC =	$1.2 \times (6,600 - 1200)$
NTC =	\$6,480

## NTC formula explained

<b>New Entrant Rate</b>	The Actuary has calculated the New Entrant Rate in accordance with legislative requirements. The New Entrant Rate is determined by your Salarylink contribution rate as shown in the following table.
<b>Service fraction</b>	The Service Fraction is relevant for part-time employees.
<b>Super salary at start of financial year</b>	Your annual superannuation salary as at 1 July every year.
<b>Days as a contributing Salarylink member</b>	The number of days in the financial year you were a contributing Salarylink member.
<b>Member after-tax (non-concessional) contributions made to Salarylink</b>	The total after-tax (non-concessional) contributions you made to Salarylink in the financial year.

## New entrant rate

Member's Salarylink contribution rate (%)	New Entrant Rate
1	6
2	7
2.5	7
3	8
4	9
5	10
6	11
7	12
8	13
9	14
10	15

## Grandfathering rules for NTCs

Some Salarylink members may be eligible for grandfathering provisions. Grandfathering may impact the level of concessional contributions reported to the ATO.

For grandfathered Salarylink members, if the NTC value is calculated as an amount above the concessional contributions cap, we will report to the ATO that the NTCs are equal to the cap.

If the NTC value is below the concessional contribution cap, the full value is reported to the ATO.

The grandfathering rules only apply to the Salarylink benefit.

Any concessional contributions made to your Hostplus Super account or to another super fund count towards the overall concessional contribution cap.

## Eligibility for grandfathering NTCs

You may be eligible for grandfathered NTCs if you joined Salarylink before 12 May 2009 and your New Entrant Rate has not increased since that date.

If the rate of your super salary has increased by more than 50% in 1 year or by more than 75% over 3 years since 12 May 2009, your employer will need to advise Hostplus that the increase was made "on an arm's length basis". This means that the salary increase must be determined by the employer without undue influence by the employee.

## WE'RE HERE TO HELP.

If you have any questions, we're happy to help. Just call **1300 467 875**, 8am – 8pm AEST /AEDT, Monday to Friday or visit [hostplus.com.au](https://hostplus.com.au)

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