



SAVE TAX!

WITH SALARY SACRIFICE

club plus
SUPERANNUATION

Salary Sacrifice

Although your employer makes compulsory contributions (9% of salary) to your superannuation, it is generally considered that most people will still not have accumulated enough superannuation by retirement to provide them with a comfortable standard of living.

It may be worthwhile considering making additional contributions to your Club Plus account from your before tax salary. Just by topping up your super from your before tax salary could make a difference to your superannuation at retirement.

How does Salary Sacrifice work?

This is an arrangement whereby your employer pays part of your salary into your Superannuation fund, rather than actual wages. This lowers your taxable income as more of your salary is being paid into super instead of being taxed as income. The important thing is that the amount you sacrifice comes out of your pay before income tax has been deducted. It is then taxed as a contribution to your super fund but only at a rate of 15%.

Jenny is considering Salary Sacrificing

Jenny is 40 years old and her salary package is \$60,000 a year. Jenny is considering making a \$10,000 salary sacrifice into Super. The example shows that Jenny pays less in income tax and although her take home pay is reduced, her combined value of pay and her super both increase.

Jenny decides to:	Salary sacrifice \$10,000*	Does not salary sacrifice
Salary package include (SG)	\$60,000	\$60,000
Superannuation Guarantee (SG) at 9%	\$4,954	\$4,954
Salary before salary sacrifice	\$55,046	\$55,046
Salary sacrifice amount	\$10,000	\$0
Salary after sacrifice	\$45,046	\$55,046
Less low income tax offset	\$748	\$348
Less personal income tax*	\$8,039	\$11,189
Net salary	\$37,755	\$44,205
SG & salary sacrifice contributions	\$14,954	\$4,954
Less contributions tax**	\$2,243	\$ 743
Combined net salary and super contributions	\$50,466	\$48,416

Income tax reduced by \$3150

Take home pay reduces by \$6450

Combined value of salary and super contributions increases

* Personal income tax rates based on rates for the 2009/2010 financial year including Medicare Levy of 15%.
** Contributions tax is payable on salary sacrifice and SG contributions at a rate of 15%

How much can you Salary Sacrifice?

How much you can choose to salary sacrifice will depend on your personal circumstances. Salary sacrifice is an agreement between you and your employer so before you make any plans you should discuss this arrangement with your employer. From 1 July 2007 contribution caps apply and may affect the amount you choose to salary sacrifice.

Concessional (before-tax) contributions are capped at \$25,000 per member per annum. Any before tax contributions above \$25,000 may be taxed up to the highest marginal tax rate of 45% (excluding Medicare Levy).

For members aged over 50 a transitional amount of \$50,000 of concessional (before-tax) contributions per member per annum is allowed, for a period of five years up to 2012.

If you are considering to salary sacrifice and you want to increase your super and not too sure by just how much please call us.

FOR MORE INFORMATION

For more information on Salary Sacrificing into Super please call 1800 680 627. It's a good idea to talk to a Financial Planner to best take advantage of this strategy. As a member of Club Plus Superannuation you are also entitled to a free single-topic telephone conversation with a Financial Planner through Money Solutions AFSL No. 258145. Money Solutions can be contacted on 1800 837 800.



www.clubplussuper.com.au

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