



## **SALARY SACRIFICE INTO YOUR SUPER**

**Looking for a way to grow your super balance and reduce your tax - salary sacrifice may be the way to go depending on your circumstances.**

### **WHAT IS SALARY SACRIFICE?**

It's an arrangement between you and your employer, where you forgo part of your wages and in return your employer makes contributions to your super fund on your behalf.

The salary sacrifice arrangement should be in place before you perform the work and needs to be in writing.

Importantly, you will not be able to access your salary sacrifice contributions until you retire or meet some other condition (prescribed by superannuation law) for the release of your super.

Salary sacrifice contributions are considered to be employer (concessional) contributions and are not subject to fringe benefits tax.

### **WHAT ARE THE CONSEQUENCES OF ENTERING INTO A SALARY SACRIFICE AGREEMENT?**

You will pay less income tax but your take home wages will be reduced.

Your salary sacrifice contributions are subject to of up to 15% by your super fund (provided your total concessional contributions to any superannuation fund does not exceed the concessional contributions cap).

Your salary sacrifice arrangement should not affect your employer's compulsory contributions (SG) or other employer benefits. You should confirm this with your employer.

A salary sacrifice arrangement is not right for everyone. If you earn under \$45,000 a year, then salary sacrificing may not be advantageous. You may consider the Government Co-Contribution scheme as another way to grow your super balance.

There are limits to how much you can salary sacrifice (without incurring extra tax) because your salary sacrifice contributions together with any compulsory employer contributions and other concessional contributions should not exceed the concessional contributions cap. For the 2024/25 financial year the concessional contributions cap for an individual is usually<sup>1</sup> \$30,000.

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<sup>1</sup> In some circumstances, you can make concessional contributions in excess of this amount without incurring extra tax because you have an 'unused' amount of the cap in prior years. Conditions apply. Contact us for more information.



## Meat Industry Employees' Superannuation Fund

**CASE STUDY** – Frank earns \$75,000 before personal income tax, excluding his employer's super guarantee contribution. If Frank decides to redirect \$5,000 of his pay into salary sacrifice super contributions, he will be \$850 better off taking into account the aggregate of his net income, net contribution to super and tax.

	With salary sacrifice	Without salary sacrifice	Net Benefit
Annual Salary	\$75,000	\$75,000	
less Salary Sacrifice	(\$5,000)	\$0	
Taxable Income	\$70,000	\$75,000	
Less income tax & Medicare	(\$13,188)	(\$14,788)	
Net annual salary	\$56,812	\$60,212	
Your super position			
SG	\$8,625	\$8,625	
Salary sacrifice contribution	\$5,000		
Total Super contributions	\$13,625	\$8,625	
Net super contributions (after 15% contributions tax)	\$11,581	\$7,331	<b>\$4,250</b>
<b>Net position (Net salary plus Net super contributions)</b>	<b>\$68,393</b>	<b>\$67,543</b>	<b>\$850</b>

Note: this is an illustration only of the potential impact of a salary sacrifice arrangement on your income and super savings and is based on laws applicable to the 2024/25 financial year. Whether a salary sacrifice arrangement is right for you depends on your individual circumstances including your level of income and your ability to forego some of your annual salary to help grow your super.

### Meat Industry Employees' Superannuation Fund

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as Trustee of the Meat Industry Employees' Superannuation Fund (ABN 17 317 520 544) MySuper Authorised 17317520544110



**SALARY SACRIFICE REQUEST**

**Complete this form and give it to your Employer to start making salary sacrifice contributions.**

Check with your employer that you are able to make salary sacrifice contributions and whether it may affect your other employee entitlements.

**Your details:**

MIESF Member Number (if known) .....

Given name .....

Surname .....

Date of Birth .....

**How much do you want to Salary sacrifice?**

Select either:

Regular salary sacrifice contributions: \$ .....or ..... % per pay period

OR

One-off lump sum salary sacrifice contribution: \$

**Declaration:**

I have read and carefully considered this form and the accompanying information, and understand that it is up to me to decide whether a salary sacrifice arrangement is right for me having regard to my personal circumstances.

I confirm that all information I have provided herein is true and correct.

I understand that my salary sacrifice contributions will be invested in accordance with the investment option(s) applicable to my accumulation account.

I understand that all contributions must be preserved until I meet a condition of release.

Signature .....

Date .....

Employer use:

Date accepted .....

Date processed.....

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*This document was prepared on 1 July 2024 in relation to the 2024/25 financial year and its content is subject to change. For information relating to future financial years contact us or go to [www.ato.gov.au](http://www.ato.gov.au)*

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