

Superannuation changes for the new financial year

It's a new financial year, and with that comes a few new superannuation changes. The first two are especially important for employers to take note of.

Increase in the Superannuation Guarantee rate to 10.5%

The rate at which compulsory superannuation contributions are calculated for employees has increased from 1st July to 10.5%. This is up from 10% and is a step on the way to increasing the rate to 12% by 2025. Employers should make sure their payroll software accounts for the new rate so as to ensure employees are not being underpaid, and also to avoid any associated penalties.



Removal of the \$450 a month threshold for employee compulsory super

Employees who earned less than \$450 per month have always been exempt from compulsory employer superannuation payments. From 1st July this threshold has been removed, so that all employee ordinary time earnings will now be subject to compulsory superannuation. Once again, this change should be reflected in the payroll software of employers, but it would be worth checking to make sure super is being calculated correctly. Also worth noting is that for workers who are under 18 years of age, employers only need to pay super where the employee works more than 30 hours in a week.

'Work test' removed for certain contributions made by those aged between 67 and 74

From 1st July 2022 the 'work test' has been removed for those aged between 67 and 74. This allows them to make personal after-tax contributions to superannuation, as well as salary-sacrificed amounts, without having to show that they were employed for at least 40 hours in a consecutive 30 day period during the relevant financial year. The work test will still apply, however, in order for members aged between 67 and 74 to claim a deduction in their income tax return for voluntary contributions. This expanded age bracket also applies to 'bring forward' amounts, such that those under 75 years old can now bring forward up to two extra years of personal after-tax contributions into the current year (up to \$330,000 in any single year in a three year period).

Downsizer eligibility threshold reduced from 65 to 60 years of age

'Downsizer' contributions allow those who are aged 65 years or more to put money into super from the proceeds of selling their principal place of residence. These amounts can be made in addition to any other contribution limits, subject to certain conditions. Up to \$300,000 can be contributed per member. This age threshold for eligibility will be reduced to 60 years or older from 1st July 2022

If you have any questions or would like some help with these new measures, please [contact us](#).

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