Super strategies

Topping up super with 'catch-up' contributions

If you have not fully used your concessional cap in a prior financial year, you may be eligible to use these unused carried forward amounts in a later year. Depending on your circumstances, this could help you to maximise tax-effective super contributions and invest more for retirement.

How does the strategy work?

If your concessional contributions (CCs) in a financial year are below the annual CC cap, you can accrue these unused amounts and carry them forward for up to five years. This means if you meet certain eligibility rules, you can make larger CCs in a later financial year.

This may give you greater flexibility to make larger CCs when your circumstances allow.

This may be helpful if, for example, you have irregular employment income, fluctuating income or have had time out of the workforce.

What's the benefit?

The amount you contribute is generally taxed at the concessional rate of up to 15%[1].

Once contributed, any earnings are also taxed at a concessional rate of 15%, rather than your marginal rate, which could be up to 47%[2].

Depending on your circumstances, this strategy could result in a tax saving of up to 32% and enable you to increase your super savings.

Key conditions

To be eligible to utilise your carried forward unused CCs by making a catch-up contribution you must:

- have a 'total superannuation balance'[3] below $500,000 on the prior 30 June
- be eligible to claim a deduction if making personal contributions, and
- have unused CC cap amounts accrued from one of the five prior financial years.

Seek advice

Your financial adviser can help determine whether this strategy is right for you. They can also help you to work out what your available carried forward unused CC balance is and how much you're eligible to contribute. Additional tax and other penalties may apply if you make contributions that exceed your available cap.

To work out your carried forward amounts, you need to confirm the total amount of CCs you have made in each of the previous five financial years. You can access information about your contributions by logging on to **my.gov.au**. Information displayed might not be up to date, so it is also important to keep accurate contributions records and enquire directly to your super fund before contributing.

1 Individuals with income from certain sources above $250,000 in FY 2024/25 will pay an additional 15% tax on salary sacrifice, personal deductible and other CCs within your cap.

2 Includes Medicare levy.

3 Your 'total superannuation balance' includes all of your super accumulation interests and amounts held in superannuation income stream products. For more information, visit **ato.gov.au**, and check your total super balance by logging into **my.gov.au.**

Case study

In 2019/20 and 2020/21, Fatima made CCs of $15,000, which was $10,000 less than the annual CC cap of $25,000.

Fatima took 12 months maternity leave from 1 July 2021 and didn't make any CCs in FY 2021/22.

From 1 July 2022, Fatima returns to full-time work where her annual employer contributions (CCs) total $15,000 in 2022/23, 2023/24 and 2024/25. This is $12,500 less than the annual cap that applies in 2022/23 and 2023/24 ($27,500), and $15,000 less than the annual cap in 2024/25 ($30,000).

Fatima receives an inheritance of $50,000 in 2024/25 that she wants to contribute to super.

The table below shows how she can carry forward unused CCs to make catch up contributions in 2024/25 in later years. Fatima confirmed her total super balance was below $500,000 at 30 June 2024 to use the catch-up amounts.

Financial year	Annual CC cap amount	Total CC cap including any carried forward CCs	CCs made	Unused CCs that may be carried forward
2019/20	$25,000	$25,000	$15,000	$10,000
2020/21	$25,000	$35,000	$15,000	$20,000
2021/22	$27,500	$47,500	$0	$47,500
2022/23	$27,500	$75,000	$15,000	$60,000
2023/24	$27,500	$87,500	$15,000	$72,500
2024/25	$30,000	$102,500	$65,000	$37,500

Key considerations

- It's important to check your total CCs for the financial year from all sources before adjusting your contribution strategy. CCs include:
  - contributions made for you by your employer as well as an estimate of any further employer contributions for the year
  - salary sacrifice contributions, and
  - personal contributions that you claim a tax deduction for.
- For personal deductible contributions, you need to lodge a 'Notice of Intent' form and receive an acknowledgement from the super fund before certain timeframes, and also before starting a pension, withdrawal or rollover.
- If you are not eligible to make catch-up CCs, tax penalties apply if you exceed the annual CC cap of $30,000 in FY 2024/25.
- You can't access super until you meet certain conditions.

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