00:00:32:19 - 00:01:10:08
Josh
Hi and welcome to this new series in our broadcasts. My name is Joshua van Gestel and I'm the senior Manager of Education here at ART and it is wonderful to have you with us over this series of events in coming weeks. In this first event, we'll actually be talking about one of the main parts of your superannuation contributions, but also thinking about how you self can take control of contributions, and also not just how it will fund for your retirement, but how it gives you opportunities today, including in your tax.

00:01:10:10 - 00:01:18:08
Josh
I'm going to have a couple of guests assisting me in today's broadcast, who I'll introduce a little later.

00:01:18:10 - 00:01:44:04
Josh
But before we get started though, I'd like to acknowledge the traditional owners from the lands on which we are recording in the Turrbal and Yuggera nation, as well as the many lands that you were coming from. But if I can also make special mention to the traditional owners of the Darug nation, where I come from in northwest Sydney, I'd like to also acknowledge that today's broadcast is of a general advice nature only.

00:01:44:10 - 00:02:09:21
Josh
There's probably a lot of questions that you may have as a result of watching this, and we do, in fact encourage that. And as you're seeking answers, we also encourage you to look at our website and reach out to us where it is pertinent. Now, before I hand over to one of our Education Specialists, Pat Dunlop, to take us through some of the fundamental things to think about with contributions,

00:02:10:02 - 00:02:36:10
Josh
I'd like to first, for those of you who may not know us well, introduce Australian Retirement Trust. We are one of the largest superannuation funds in Australia and we're proud of that. But what makes us truly proud is what differentiates us. We are a fund that works for our members, not for shareholders. We're not owned by another institution or listed company.

00:02:36:13 - 00:03:10:05
Josh
Instead, any profit we make returns to our members through improve fees and improve services. We also are a fund that is solely focused on our member experience and what we're driving for them. And so it's really important to us to make sure that we are giving our members the strongest possible investment performance, particularly over the long term. And we're very proud of the returns that we've achieved consistently over many years.

00:03:10:07 - 00:03:40:03
Josh
But we also believe that it is our members' right to have access to information, guidance and financial advice to help empower you and give you confidence around your retirement decisions. So we'll talk about throughout this series different tools and calculators and ways that you can find out information, including how you can connect with us to receive advice, whether that's digital through a conversation or through a meeting.

00:03:40:04 - 00:04:14:04
Josh
We encourage you to find the information you need to make sure that you are more confident with your superannuation and the decisions you make. Now, this event tonight is probably coming to many of you at very different stages in your superannuation and retirement journey. And it's important to think about where you're at in

this journey, because the opportunities that you'll have and the way that you can leverage them will be slightly different based on where you are.

00:04:14:06 - 00:04:44:13
Josh
For those of you who are younger, making small decisions when it comes to your superannuation today can have an enormous impact over the many decades to come. And this is something that our guest presenters will be speaking to. But for those of you who are approaching retirement, maybe you're in a position where you're transitioning to retirement. Some of those impacts become lesser because you don't have time and compound interest.

00:04:44:17 - 00:05:25:08
Josh
It's much ahead of you to do some work for you. Instead, you might need to think about taking bolder action when it comes to your superannuation to try and really make a change as you approach retirement. These are all things that we will unpack throughout this program. How you think about growing your superannuation through contributions and investments. How you continue to do that as you're transitioning to retirement, and then how you should be thinking about your superannuation, particularly from an investment perspective, as you are thriving and entering into retirement.

00:05:25:10 - 00:05:59:13
Josh
But the first part of the journey I would encourage for any of you is if you have more than one superannuation fund, as many of us do, consider bringing that together. Consider combining your superannuation where it makes sense to do so, noting that where you've got multiple funds, that means you're paying multiple fees. Potentially you'll have multiple insurances, and it also can be easier for you to lose track or not being as much in control of your superannuation.

00:05:59:15 - 00:06:30:03
Josh
We encourage you, though, before you make any decision to combine or consolidate your super, that you do look into it and that you do assess areas such as insurance that you may have with different funds that you could lose access to as a result of making any change. But it is the starting point to build a strong foundation that your contributions, investment, earnings and other decisions you make can then build upon.

00:06:30:05 - 00:06:58:08
Josh
Now, as I said, I'll be passing to Pat Dunlop in a moment, who's one of our wonderful education specialists at ART. But just to introduce what Pat's going to be talking about. There is a landscape in the ways that you can actually make contributions to your super. And this is often really confusing. People get overwhelmed by the different terms, the different methods, the different ways that they can put money into super.

00:06:58:12 - 00:07:46:06
Josh
And part of what we're wanting to do today is to simplify that. There are two main ways that you can put money into superannuation. The first is through an employer arrangement generally, or through a tax arrangement. And what I mean by that is what we call concessional or pre-tax contributions. These are basically any contributions that your employer puts in on your behalf, which we'll talk to, as well as any contributions that you ask your employer to put into your superannuation before they calculate income tax on your own earnings, as well as any contribution you make to your super that you then subsequently claim as a tax deduction.

00:07:46:08 - 00:08:13:24

Josh
Where these are all similar is that when they enter into your superannuation account, up to 15% tax will be deducted. And that's a concessional rate of tax. But the main thing to remember here is that these are monies that are either going in through an employer arrangement that they're making on your behalf, or you're directing them to, or a contribution that you're making that you're claiming as a tax deduction.

00:08:14:01 - 00:08:45:18
Josh
I don't want to steal any more of Pat's thunder, though. The other side of this contribution landscape is to consider post-tax contributions. And this is something that we'll have a guest speaker come and join us on. Trudi, who will go through the main considerations here, but very high level. This is where you make contributions yourself, or a spouse makes contributions for you into your super that you do not claim as a tax deduction.

00:08:45:20 - 00:09:23:09
Josh
Now, there are some other ways that you can have contribution monies flow into your superannuation that includes incentives from the government as well as later in life. Selling down your principal residence and putting some of those proceeds into your super. We will cover all of this over the course of this program for you. Now, before I hand to pat, the last thing to consider here and where, superannuation is beautiful above just about any other investment vehicle is that superannuation exists in the long term.

00:09:23:11 - 00:09:48:03
Josh
It is something that is with you, often for decades, and that means that the contribution that you make today will have investment earnings go on it, and that will compound year after year after year to actually grow your superannuation balance for retirement. In fact, at the point of retirement, the bulk of your balance will not be made up of contributions.

00:09:48:09 - 00:10:21:01
Josh
It will be made up of the investment earnings as a result of the investment decisions that you have made for the many decades before you access it. So if we just think about these two scenarios, we've got one scenario where a person is making a regular, smaller contribution throughout a big portion of their working life. And what you can see is that small amount has the advantage of any investment returns on it for a very long period.

00:10:21:03 - 00:10:54:03
Josh
And we compare that to what happens if you make the same amount of contributions over time. But you do that in bigger chunks in a shorter period. And the outcome here is that by investing sooner, by making those contributions and more regularly, you're actually going to end up better off over the long term. This is why I said a few moments ago that if you're younger, the decisions that you make can have a powerful compounding effect over time.

00:10:54:05 - 00:11:27:15
Josh
Then, if you're making a sudden or larger contribution at one point in time now really your journey, your age, your stage will determine what you can do here, whether you have time ahead of you or whether you're having to make some larger moves to get contributions into your account. On that note, though, I would like to hand over to Pat Dunlop, one of our education specialists, to talk a lot more about the basis of contributions into your super.

00:11:27:17 - 00:11:30:07
Josh
Over to you, Pat.

00:11:30:09 - 00:11:51:11
Patrick
As I mentioned, my name is Patrick. I'm an education specialist with art. And I'm going to take you through all of those before tax contributions. So first things first. What are before tax contributions in the industry? They're known as concessional contributions because it means that you receive a concessional rate of tax on those contributions. So a lower rate.

00:11:51:15 - 00:12:15:08
Patrick
Personally I don't like that term. So I will keep referring to them as before tax contributions. Now as Josh mentioned, the first type of before tax contribution you'd receive into your superannuation is what you'd receive from your employer. Now, for most Australians, that would be the superannuation guarantee, which is currently set at a rate of 12% of your salary.

00:12:15:14 - 00:12:39:04
Patrick
Now, if you have an art corporate account or even a Q super account, you may have different arrangements in relation to how much you receive from your employer. It's important to understand what those arrangements are because it does play a part in how much you can put into super. The second type of before tax contribution are salary sacrifice contributions.

00:12:39:10 - 00:13:01:02
Patrick
Now this is done through a pay office. So what that means is you're actually telling your pay office to put contributions through to your Superfund before they get taxed in amongst your income tax. And as a as a result of that you pay a lower rate of tax going into super. Now if you don't have a pay office.

00:13:01:02 - 00:13:26:12
Patrick
So for example, maybe you're self-employed, you're a sole trader, that kind of thing. You may look to actually make a contribution into super and then claim it as a tax deduction. So it actually goes in as an after tax contribution. You then fill out a form and it then accounts towards the before tax limit. Now the before tax limit for the current financial year is 32,500 dollars.

00:13:26:16 - 00:13:49:17
Patrick
You may be able to do a little bit more than that and I'll get into that later. But again, it's important to understand what your employer is paying in, because that also counts to that 32,500 dollars limit that you can see on screen. So when we look at salary sacrificing, as I mentioned, it's a way to make contributions to super to save money on tax.

00:13:49:19 - 00:14:14:05
Patrick
So for someone who isn't doing it, this is what would happen. You would have your full salary. It would go through the income tax system. And then any contribution you choose to make to super would then flow through to your super account. And what that means is that that contribution would form part of your income, and as a result, it would get taxed at your personal income tax rate.

00:14:14:10 - 00:14:43:21
Patrick

For most Australians, that's 32% or even higher. When your salary sacrifice, as I mentioned before, you are asking your employer to make those contributions through to your super account before your money gets taxed. And what happens is that individual contribution itself, when it hits your nominated Superfund, pays a reduced amount of tax only 15% versus your income tax rate.

00:14:43:23 - 00:15:06:09
Patrick
And the reason it's called salary sacrifice. Every time you contribute this way, it actually comes off your taxable income because your taxable income will reduce. Your income tax reduces as well. So you actually end up with two tax savings. And that's where super gets exciting. So it's up to you to figure out what you do with those tax savings.

00:15:06:15 - 00:15:33:18
Patrick
So the more that you actually look to salary sacrifice, the more tax savings you get. Meaning the more you can salary sacrifice. Obviously, it's very important to keep in mind you are restricted to that 32,500 dollars limit. Now, if you are a sole trader or for example, your employer doesn't allow you to do salary sacrifice arrangements, you may look to do it in another way.

00:15:33:18 - 00:16:00:01
Patrick
And this is via claiming a tax deduction. Now, the way that this works is you would make a contribution into your super account from, say, your bank account via B-pay via cheque, cash or whatever it may be that would go into your account. You have to do this before the 30th of June. You then jump on to the ART website and you look for the form to claim a tax deduction.

00:16:00:03 - 00:16:28:13
Patrick
Now on that form, you let us know how much of that contribution you wish to claim as a tax deduction. Again, remembering that 32,500 dollars limit. You then send that claim form through to us. Once we receive it, we will acknowledge it and send you out a form. You can think of this essentially as a receipt. And once you've been sent that receipt, and only then you can then lodge your tax return.

00:16:28:15 - 00:16:53:10
Patrick
It's important to point out you cannot lodge your tax return until you've received that notice from ART. Otherwise, it will not count as a tax deduction. So essentially, think of it this way. If you put in $10,000 and you decided to claim all that $10,000 as a tax deduction, that would mean $10,000 would come off your taxable income.

00:16:53:13 - 00:17:22:09
Patrick
Meaning you end up paying less income tax. Now, I keep saying that it's mainly for sole traders and for the self-employed. It is for people who aren't able to do salary sacrifice arrangements through their through their employer. But anyone is able to do it again. I keep saying this up to that 32,500 dollars. But with that in mind, a lot of people want to get more money into super on a before tax basis.

00:17:22:12 - 00:17:50:09
Patrick
So they get those tax advantages. And I often get asked, am I able to put in more than the 32,500 dollars? And the answer is potentially so you may be able to put in more money because of a new idea that has been around for a number of years now, meaning that any unused amounts of previous financial years can actually be carried forward for up to five financial years.

00:17:50:15 - 00:18:24:13
Patrick
So I'm going to show you what that looks like. But let's just imagine that this person. They understand they have 32,500 dollars as their before tax limit. They get their 12% from their employer. So 12% on 100,000 would be $12,000. That would count towards that 32,500. And then let's just imagine that this person decides to use up the rest of their 32,500 dollars cap via salary, sacrifice contributions, or by claiming a tax deduction or both.

00:18:24:15 - 00:18:48:19
Patrick
So for this person, they would have completely maxed out their limit. But like I said before, going back five financial years, as long as your balance is less than $500,000, any amount of that previous limit you haven't used can be carried forward for up to five financial years. So to give you an idea of what I mean by this, let's take this example.

00:18:48:21 - 00:19:18:11
Patrick
So last financial year just to throw a spanner in the works. Last financial year the before tax limit was $30,000. On the 1st of July. This financial year, it did go up to 32.5. But we're using last year's limits. So this person last year put in this amount of contributions to count towards the $30,000 last year, meaning that this amount was unused as long as their balance is less than $500,000.

00:19:18:16 - 00:19:46:09
Patrick
They can actually carry forward that unused amount to be used in this financial year. And like I said, up to five financial years and future. Now, if you want to know exactly how much you have available in relation to this, I do encourage you log into your myGov account, click on ATO and then super. And then you're looking for the ATO's concessional contribution carry forward cap.

00:19:46:11 - 00:20:03:21
Patrick
It'll show you the exact dollar figure that you can do. And of course, the more that you put in on a before tax basis, the more you're going to build up your super for your retirement and get those tax benefits. But that is it from me. I'll throw it back to you. Thanks, Josh.

00:20:03:23 - 00:20:42:09
Josh
Thanks very much, Pat. Now it is really important to again, think about what Pat was saying in context of the longer term potential that it offers you. And if I think about why you may want to contribute more to your super. Those are decisions that you're making now that potentially can really help you in your retirement. And as per this outlined, a lot of people do pre-tax salary sacrifice contributions or contributions where they claim a tax deduction because it gives them a benefit today as well as helps them towards the future.

00:20:42:11 - 00:21:13:17
Josh
And what we've got here is an individual who's decided to make additional contributions into their superannuation. And what we want to look at though is how that will impact differently based on the age at which they commence this now. Remember I talked earlier about compound interest and the earlier that you start making contributions, the longer it is sitting in your superannuation account earning interest upon interest over time.

00:21:13:19 - 00:21:45:19
Josh

So if we look at the chart here, what we can see is that for someone who starts making additional salary sacrifice contributions in their 30s, that they're going to have an additional amount of income paid to them in retirement. Of about $266 per fortnight for someone who then starts that journey when they're 40. That means that they've got a shorter period to benefit from compound interest in those contributions.

00:21:45:20 - 00:22:11:12
Josh
So although it's still going to benefit them in retirement, it is going to be to a lesser extent at about $160 a fortnight in this case study. And lastly, for someone who is 50, they still do get a benefit by making those additional contributions to their super remembering. They're also getting a tax benefit here. And that's going to increase in this.

00:22:11:15 - 00:22:44:07
Josh
In this scenario, their per fortnightly income by about $86 per fortnight. So even if you are getting very close to retirement, there is still potential and advantage in having a very big impact on your retirement income when you do retire. But as we've talked about, if you start that journey much younger, it is something that I wish I could go back and say to all of our members when they're young and maybe don't understand the opportunity.

00:22:44:09 - 00:23:27:23
Josh
It really does make a huge impact when it comes to you in decades to come. Now I'm going to hand over to Trudy in a moment, who has actually done a brief update for us. But before I do, let's just recap on what Pat's talked about and what Trudy is going to speak to. Pat covered off those pretax or concessional contributions, which is the main way for most of us that we have contributions go into our superannuation, but we also have another way that we can contribute, and this is what we call post tax contributions or non concessional is the legislative term.

00:23:28:03 - 00:23:51:20
Josh
And this is basically any amounts that you put into your super that you do not claim as a tax deduction or any amounts that your spouse may put in where you have one on your behalf. There's different rules here, different limits. And so we'll hand over to Trudy to take us through that, as well as some of the government incentives that apply.

00:23:51:22 - 00:24:16:19
Trudy
We're going to take a look at after tax contributions, also known as non concessional contributions. These contributions are when you have not received a tax discount when the money has gone into superannuation. So they've come out of your bank account and you've paid them into your own superannuation account. Or you may have received a spouse contribution or be making a spouse contribution for your partner.

00:24:16:21 - 00:24:48:17
Trudy
There are some limits onto how much money you can get into superannuation as a non concessional contribution. Essentially $130,000 in one financial year, or up to $390,000 over three financial years. And I will be taking a look at that further. Now, depending on what your income level is and how the contributions are received, you may also be entitled to some sort of government concession or top up to your superannuation.

00:24:48:17 - 00:25:13:08
Trudy
So I'd like to explore those a little bit. Now first of all we'll take a look at the code contribution. So the way the works is when you have made after tax contributions into your superannuation account, and you might receive a little top

up from the Commonwealth Government, depending on your income level. So essentially there are some thresholds involved.

00:25:13:14 - 00:25:43:01
Trudy
If you are earning under $49,293 in a financial year, and you have made a contribution of $1,000 into your superannuation, you simply lodge your tax return. The government sees what contributions you've made, they see what your income level is, and then after you've lodge your tax return, they top up your superannuation with $500. If you're under that income level, you can see on the screen there that that contribution does phase out.

00:25:43:04 - 00:26:11:00
Trudy
Once you reach the income level of $64,293. So essentially, you're still entitled to a partial contribution for personal contributions that you've made into super up to that income level. But it's a lower. So not the full $500. So that's a government contribution which might be attractive for some people who are maybe not salary sacrificing or may not necessarily get the benefit of salary sacrifice.

00:26:11:02 - 00:26:37:13
Trudy
Let's also take a look at spouse contributions. So these involve a tax offset. So that is a reduction in the amount of tax that you would pay. And it comes off your tax payable when you lodge your income tax return. So essentially if you make a contribution on behalf of your spouse into their superannuation account, when you lodge your tax return, you make note of that contribution.

00:26:37:14 - 00:27:00:11
Trudy
And depending on your spouse's income, you may receive a tax offset. So looking at the screen there now, if you have a spouse who is under $37,000 in a year and you make a $3,000 spouse contribution, once you've lodge your tax return, you'll receive a government offset of $540. So that's a direct reduction in the amount of tax that you need to pay.

00:27:00:13 - 00:27:30:02
Trudy
And you can see that there's still is a partial tax offset available up until your spouse is earning $40,000. So that's a nice little way to provide some money for your spouse and also reduce your tax bill. Let's take a look at these limits that I mentioned to you earlier for the bring forward rule. So after tax contributions, the government do want to encourage you to save for your retirement via superannuation.

00:27:30:03 - 00:27:53:19
Trudy
Superannuation is a tax friendly environment. Your investment earnings are taxed at up to 15% when money is invested in super. So for that reason, there are some limits on how much money you can get into the superannuation account. If you have more than $2.1 million as a total superannuation balance, and that includes money in all of your super funds added up.

00:27:53:19 - 00:28:20:02
Trudy
So a collective balance of over $2.1 million, you won't be able to get any after tax contributions into your superannuation. But if we look at the screen there, you have got less than $1.84 million as a total superannuation balance. You can not only put in $130,000 in one financial year, you could put in $390,000 over a three year period.

00:28:20:04 - 00:28:53:03
Trudy
Now, once you've got over that 1.84 million, but under 1.97 million, you can still put in up to $260,000 over a two year period. Now, once you're nudging that 2.1 million over 1.97, but under the 2.1 million, you've only got access to $130,000 worth of after tax contributions in one financial year. So I would like to show you an example of how this might work in practice.

00:28:53:05 - 00:29:16:09
Trudy
If we have our member here, let's call him Barry. So Barry's age 58, and he is expecting to receive an inheritance. So he's not made personal super contributions before. And he'd like to boost his super with money from his inheritance. He's expecting a total of $500,000, but that's going to be paid in two lump sums 12 months apart.

00:29:16:09 - 00:29:53:19
Trudy
So $250,000 in one financial year, $250,000 in another financial year immediately following. So he wants to get this money into super. He's thinking about the best possible way to do that. So let's have a look at what he could potentially do. So when he receives his first $250,000, if he deposits that immediately into his superannuation account as an after tax contribution, he has triggered what we call the bring forward rule, because he's put more than $130,000 into his super in one financial year.

00:29:54:00 - 00:30:31:09
Trudy
And that means over that financial year and the following two, he's got a maximum of $390,000 that he can put in there. So he puts in that 250,000. Then in year two, he was able to contribute $140,000. And that brings his up him up to that $390,000 three year limit. He cannot make any contributions in year three and then in year for his able to contribute the remaining $110,000, because there is no bring forward attached to that anymore.

00:30:31:10 - 00:31:05:05
Trudy
That's simply $130,000 limit on that year. So Barry might think, oh, could I do this differently? What is a way to get that extra money into super a little bit quicker? So he might choose in year one to contribute $130,000. So he is not triggered the bring forward rule by making that 130 zero zero $0 contribution. Then in year two, he can essentially contribute the remainder of that inheritance, the $370,000.

00:31:05:07 - 00:31:29:23
Trudy
So what he's done there in year two, he has effectively triggered the bring forward rule at that point. So he doesn't have any extra money at this point. But he could, if he came across some extra money, still contribute another $20,000 there. Really. And then in year five, it would all reset again if he had additional money to contribute.

00:31:30:00 - 00:32:00:07
Trudy
So what we suggest you do if you are thinking about contributions into your super, particularly larger contributions that might involve the bring forward rule, ideally it's a great idea to get advice around the timing of those contributions, but we would also encourage everybody to take a look at our contribution calculator on the website. So this can help you with whether or not you might be entitled to a contribution, or whether or not salary sacrifice might work better for you.

00:32:00:09 - 00:32:21:10
Trudy

So please, everybody engage with that calculator. Think about what you might like to contribute and whether you can afford it, and the calculator will show you what your take home pay will look like, whether or not you would be entitled to any co contribution as well. And that might be some guidance as to what contribution type is best for you.

00:32:21:12 - 00:32:41:12
Josh
Thank you very much, Trudy, for that update. And it's great to actually be on the desk now alongside Pat. Thank you for your welcome. Earlier piece. We'll be coming to that in a moment. We've actually been receiving lots of questions from all of you, and I've been keeping an eye on line. But we also had a lot of member questions come in.

00:32:41:16 - 00:33:09:01
Josh
So what I'm going to do is I'm just going through these at you. I figure your main job is being on stage and taking just about every question you can imagine. So let's see how we go. So the first question. We've talked a lot about making contributions yourself and claiming them and things like that. But the first question was, how do I just go about setting up a regular contribution either through my employer, or is that something I can just do myself?

00:33:09:02 - 00:33:28:12
Patrick
Yeah, sure. So it is reasonably easy to set those up. So if you do speak to your employer, chances are they will allow you to make payroll deductions. So have a chat to them about that. Obviously if they do or do not offer salary sacrifice, that's another conversation you'd have to have. But another way that you could look at doing it is via B pay.

00:33:28:16 - 00:33:48:19
Patrick
So you could actually set up a regular BPAY payment that comes out of your bank account straight into your super yourself. Another way you could do it, probably not as common would be maybe to bring, say, a check to the ART office in Brisbane. Probably not as common as I mentioned. So you may be looking more at speaking to your payroll, asking if they can do a payroll deduction.

00:33:48:19 - 00:33:52:22
Patrick
And then, like I said, have that further conversation about salary sacrifice.

00:33:52:22 - 00:34:11:09
Josh
And importantly, a person can really change those contributions whenever they feel, can't they? So it's not like you're locked in or anything. They've got complete flexibility. Likewise, though, if they just want to make that one off, that's probably where they think about how could they use VP or something.

00:34:11:09 - 00:34:20:12
Patrick
Like that. Yeah. So if they're just looking at a one off payment, maybe they say won lotto or got an inheritance or whatever it might be, and it's just a one off. That's probably where you'd look to do it via being paid.

00:34:20:18 - 00:34:35:07
Josh
And another question that's come through that is probably a bit attached that you mentioned it briefly in a couple of different ways, but how can a person keep track of what they've got going into the contributions?

00:34:35:09 - 00:35:00:11
Patrick
Sure. So it's reasonably easy to keep track of that these days. So you've got a number of different options available. So you could log in to your ART account and actually see the transactions list there yourself. You could download the ART app and actually look at the transactions that way. But another way, a lot of people don't realize you can log into your myGov account and see the information there, but it's important to understand that typically speaking on my gov.

00:35:00:12 - 00:35:10:15
Patrick
It is a snapshot at 30th June previous financial year. So I would encourage our members download that app. That way you can keep on top of what those transactions are.

00:35:10:17 - 00:35:34:12
Josh
And the other thing I think to simplify this a lot for members, we had the payday legislation come in on the 1st of July, which means now that people are getting their superannuation at the same time they're getting paid their income. Previously, that wasn't the case. So it's probably much easier for people to just know they've got those regular contributions going from their employer, and they can track it through the payroll exactly.

00:35:34:18 - 00:35:39:11
Patrick
As well. Exactly right. So you'd see that on your payslip as well would be another way to keep on top of that.

00:35:39:14 - 00:35:58:21
Josh
Now, you talked about claiming a tax deduction. You said there is a process to that. Would you mind just again going through what that process is that if someone makes a contribution themselves that they then wish to claim this tax deduction, how do they go about that?

00:35:58:22 - 00:36:19:02
Patrick
So in claiming a tax deduction, you do have to make that contribution into your super account before the 30th of June. It's very, very important. Now that would go in as an after tax contribution. So that's what Trudie was talking about in her segment earlier. You then need to get that claim form off the ART website. You fill it out.

00:36:19:02 - 00:36:39:17
Patrick
Let us know exactly how much of that contribution you wish to claim. You send that into us. We will then acknowledge it and send out essentially a receipt that we've actually had that contribution and the claim form come through. Once you get that receipt, and only then that's when you lodge your tax return. It's very important to wait until you get that receipt.

00:36:39:20 - 00:36:45:00
Patrick
If you lodge your tax return beforehand, it won't count as a tax deduction.

00:36:45:02 - 00:37:21:17
Josh
Thank you. And a question that's just come in here which I might take first stab at is can I actually contribute at different times with market. So I think it's talking about can I time the market. I may be interpreting the question this

is coming in from John, but what I suspect you're talking about, John, is as we see markets fall, if you put a contribution in at that point, it actually has a greater value as the market then goes up, that that amount that you put in at the bottom of the market is the market recovers.

00:37:21:18 - 00:37:44:14
Josh
It grows far quickly, more quickly with the market. Timing is always a bit risky because we don't actually know when a market's going to bottom out or when it's going to go back up. And that's where we sometimes talk about what we call dollar cost averaging. And this is where you're contributing regularly. So fortnightly or monthly or something like that.

00:37:44:18 - 00:38:05:24
Josh
And it means that you basically benefit from some of your contributions are going to go in when the market's down, some are going to go in when the market's up. And really you're getting an average across that. So it takes out the risk of trying to time or putting in all your money at the wrong time and just averages it out.

00:38:06:01 - 00:38:19:11
Josh
But maybe thinking about though, if someone had a large contribution to make, is there any thinking in, you know, again, thinking about the timing of that, or would you have a different way that you talk to members about it?

00:38:19:12 - 00:38:35:00
Patrick
No. Look, I would say the same sort of thing, like dollar cost averaging is a concept that a lot of people are aware of. So as Josh mentioned, it means that maybe on one day when you put in some money, maybe it only buys two units and the next day it buys four that kind of thing, but it averages out.

00:38:35:05 - 00:39:02:18
Patrick
So it means that you aren't timing the market. But know that I'd normally talk about dollar cost averaging as well. The only other thing would be to be aware of that after tax limit. Remember you can do three years of that limit all at once. So maybe if you do have say maybe you sold a property and you want to put as much money into super as possible, maybe looking at contributing just before 30th June and then once it ticks over to the next financial year, then taking advantage of that three year bring forward rule.

00:39:02:20 - 00:39:05:14
Josh
I find it incredible you actually picked up one of.

00:39:05:14 - 00:39:06:08
Patrick
The questions.

00:39:06:08 - 00:39:24:21
Josh
So that's it so quickly think about next one questions come in here about is there a way that I can contribute on behalf of my children. This is one we often get. Or people also thinking about how they can support grandkids and things. Do you have any views on that?

00:39:25:02 - 00:39:39:04
Patrick

Yes and no. So I mean you can do that if you wish. I mean, one way to do it would be that you actually physically give them the money and they can contribute. You may be able to contribute into their accounts as well. Just be aware of age limits and things like that to anything. Well.

00:39:39:05 - 00:39:46:11
Josh
What I was going to ask why? Where is there be advantage in giving them the money and asking them to contribute.

00:39:46:16 - 00:39:57:17
Patrick
Because it would count towards their limit. So if you're putting it on behalf of someone else, it counts towards your own limits. Whereas if you give that person the money then they contributed. It counts towards their own individual limit.

00:39:57:17 - 00:40:33:13
Josh
And then you've got subsequent to that as well. If they're under the income levels where they could get a government co-contribution. So we often talk to people who have younger children who are starting in the workforce, for example, probably fall under those income thresholds, and they qualify for the government co-contribution. So it's a really great way to give them that money, have them put it in themselves and it goes through their tax return and all of that process, and then they benefit from the co-contribution.

00:40:33:15 - 00:40:51:15
Josh
Pat we talked about this right at the beginning as the foundation piece. What are the steps if I know I've got multiple superannuation accounts is, like I think a lot of people think about the bad old days where the process was absolutely shocking.

00:40:51:17 - 00:40:54:20
Patrick
When I started, you had to fill out a form and get it signed by a JP.

00:40:55:01 - 00:41:06:18
Josh
I, I actually once met a member who had 12 different super funds and just could not even fathom the idea of bringing it together. But what does a beat 12?

00:41:06:18 - 00:41:07:10
Patrick
It was ten.

00:41:07:11 - 00:41:14:00
Josh
Okay, but now it's a far simpler process, isn't it? What's involved? Now if you want to bring your super accounts.

00:41:14:01 - 00:41:33:11
Patrick
Of course. So I would actually encourage everyone to log into your myGov account, click on ATO and then super. It'll have all of your listed super funds there. It's very easy. It's literally a matter of clicking one box and then that'll roll it over to your new fund. So as mentioned, it used to be a bit arduous and people just wouldn't do it because of the process.

00:41:33:14 - 00:41:39:03
Patrick
But it's very easy these days. Log into myGov, have a look and then you'll be able to roll them all there.

00:41:39:03 - 00:42:10:03
Josh
They're brilliant. Thank you. Now I'm about to start winding up, but before I do the next session we're going to talk about investments. And while you're accumulating, is there anything that any wisdom or any thoughts you'd like to do us a bit of a segue between we talked about compound interest and other things, but any closing thoughts on either contributions in general or thinking about how they work so beautifully with investments? Putting you on the spot.

00:42:10:05 - 00:42:33:16
Patrick
Now, I would encourage everyone to make sure you're maximizing that $32,500 as your before tax limit, because again, you do get those tax benefits by actually contributing that way. But the other thing in relation to investing, I do talk about it in my section in that session, I'll be talking about how that you can actually log online, answer a quiz, and work out what kind of investor you are.

00:42:33:18 - 00:42:47:08
Patrick
Are you into growth assets, defensive assets? What sort of risk do you like taking? It'll only take you about five minutes, but it could have a massive impact on your overall balance. So definitely look at that investor profile quiz.

00:42:47:10 - 00:43:15:21
Josh
Wonderful. Thank you very much for your time, Pat. Thank you too for your presentation. I should just acknowledge we've had a number of questions that have come in around how you use contributions as you transition to retirement. We've also had a number of questions around re contribution strategy. We're not ignoring those. In fact, we're actually going to cover those off in a future episode which actually talks about contributing towards your retirement.

00:43:15:24 - 00:44:03:03
Josh
So if you do have any questions you want answered around recontributions, around transition to retirement and how contributions work around that time, please make sure you tune into that episode. But before we go, what I'd like to do is really encourage you to extend your knowledge and your thinking further than just watching this video today. We have some great online tools available to you that includes our Take the Wheel digital program, which is a series of short videos that allows you to actually explore in bite sized pieces ways that you can engage with your superannuation and start using some of the tools and opportunities that we have available to you.

00:44:03:05 - 00:44:33:14
Josh
We also have our Super Insider podcast series, lots of episodes which talk about investments, retirement, but also some of the fundamentals of contributing. Some of the questions we had come in, in fact, were actually around, Should I think about contributing to super or actually paying down a mortgage? We actually have a podcast episode that brings in a specialist financial advisor to talk about exactly that question.

00:44:33:14 - 00:44:50:22
Josh

So I encourage you to also listen to our podcast. But on that note, I'd like to thank you all for your time for joining us. Thank you again to Pat and Trudy for their wonderful contributions to this contribution topic, and we look forward to seeing you next time.