

Salary Sacrifice

Salary Sacrificing involves your employer agreeing to and making pre-tax contributions into your super in lieu of part of your gross salary.

Unless you are self-employed, or substantially self-employed where less than 10% of your total assessable income is from employment, you cannot claim a tax deduction for Personal Contributions. However, if you can negotiate with your employer to make Salary Sacrifice Contributions on your behalf you may gain some tax advantages and boost your superannuation benefits.

Arrangements must be entered into prospectively, i.e. in relation to future payments only. Salary Sacrificing below industrial awards is not recommended, as the sacrificed amount may be deemed taxable to an employee and so negate the strategy's effectiveness.

The following tables show how employees earning \$55,000 p.a. and \$95,000 p.a. respectively could benefit from Salary Sacrificing.

	Annual Salary \$55,000		Annual Salary \$95,000	
	No Salary Sacrifice (\$)	Salary Sacrifice (\$)	No Salary Sacrifice (\$)	Salary Sacrifice (\$)
Gross Salary	55,000	55,000	95,000	95,000
Salary Sacrifice	0	10,000	0	20,000
Taxable Income	55,000	45,000	95,000	75,000
less Income Tax	10,875	7,725	24,525	17,175
After Tax Income	44,125	37,275	70,475	57,825
Employer Superannuation Contribution*	4,207	4,207	7,268	7,268
Salary Sacrifice Superannuation (less 15% tax)	0	8,500	0	17,000
After Tax Salary plus Superannuation	48,332	49,982	77,743	82,093

2010/11 Tax Rates including Medicare Levy

* Net of contributions tax = 9% of \$55,000 = \$4,950 less 15% = \$4,207 / 9% of \$95,000 = \$8,550 less 15% = \$7,268

Concessional Contributions rules and Salary Sacrificing

As a Salary Sacrifice Contribution is a pre-tax contribution made by your employer it is considered a Concessional Contribution. Legislative limits apply to Concessional Contributions to superannuation depending on your age. In 2011/12 the annual Concessional Contribution Cap for those aged under 50 is \$25,000. For people aged 50 years or more, a \$50,000 per annum limit applies.

Need advice?

MAP is authorised to provide personal advice relating to contributions within the MAP Superannuation Plan and the fees paid by members of the Plan include access to this advice. When considering a Salary Sacrificing arrangement you may find it beneficial to discuss the strategy with a MAP Representative to determine whether you qualify for certain benefits like the Government Super Co-contribution.

Setting up Salary Sacrifice Contributions with your employer

To request Salary Sacrifice arrangements, simply complete the payroll deduction authority on the back of this factsheet and present it to your employer.

Contact Us

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Telephone: 07 3838 1234
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Payroll Deduction Authority

To the paymaster,

Employer Name

I wish to vary my terms of employment such that my gross salary is reduced by each pay period on a Salary Sacrifice basis. This form is to authorise you to pay the amount shown below to my MAP Superannuation Plan account as a Salary Sacrifice Contribution to my account. This amount is in addition to any amounts you are already paying as Superannuation Guarantee instalments on my behalf.

Please note that since this is a Salary Sacrifice arrangement, this amount will not form part of my gross pay and should not be included on my group certificate.

Details for payment are as follows:

Fund name: **MAP Superannuation Plan**

MAP Account Number

Title Given Name(s)

Surname

Contribution amount per pay

Signature

Date

Please give the completed form to your employer.

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