What are catch-up concessional contributions?

'Catch-up' contributions aim to give people an opportunity to save for retirement. You can take advantage of catch-ups if you haven't used your entire pre-tax (concessional) contribution cap since the 2018-19 financial year, by contributing the remainder in future financial years.

How does it work?

The general concessional contributions cap for the current financial year is $30,000 per person. If your total superannuation balance on 30 June of the previous year was less than $500,000, your available concessional cap for the financial year will automatically be increased by any unused concessional cap amounts you have accrued in any of the previous five financial years.

You will have unused concessional contributions if you failed to use the full amount of your concessional cap in a particular year. Once accrued, these amounts are available for use for another five financial years e.g., an unused concessional contribution accrued in 2019-20 will expire in 2024-25.

You can check your available concessional contributions cap on ATO online services (accessed via my.gov.au).

What are concessional contributions?

Concessional contributions are amounts added to your superannuation, sourced from pre-tax income including:

- Super Guarantee paid by your employer,
- Salary sacrificed amounts where you and your employer agree for you to receive less income before tax in return for your employer paying an equivalent benefit into your superannuation account, and
- Personal deductible contributions which are amounts you contribute to superannuation that you claim as a tax deduction.

When these amounts are added to your superannuation, they are taxed at a flat rate of 15% e.g., if you contribute $1,000, your superannuation fund adds $850 to your superannuation account.

If you exceed your concessional cap, you may be liable for additional tax on excess concessional contributions.

Case study

Vina is thinking about boosting her retirement savings. She has a superannuation balance of $350,000. Her concessional contributions in prior years and unused amounts accrued since 2019/20 are summarised below.

Financial year	2019/20	2020/21	2021/22
General cap for the year	$25,000	$25,000	$27,500
Concessional contributions made	$10,000	$10,000	$7,500
Unused concessional contributions for the year	$15,000	$15,000	$20,000
Cumulative carry forward	$15,000	$30,000	$50,000

Financial year	2022/23	2023/24
General cap for the year	$27,500	$27,500
Concessional contributions made	$5,000	$15,000
Unused concessional contributions for the year	$22,500	$12,500
Cumulative carry forward	$72,500	$85,000

As her total superannuation balance on 30 June 2024 is below $500,000, she is eligible to make concessional contributions of up to $115,000 consisting of $85,000 of unused concessional contributions in addition to the annual cap of $30,000 for 2024/25.

Work test

If you are aged between 67 and 75, personal deductible contributions are available if you have met the work test. To meet the work test, you must be gainfully employed for at least 40 hours during a consecutive 30 day period in the financial year in which the contributions are made.

For more information on contributing to superannuation, refer to 'What are the limits on superannuation contributions?' fact sheet.

Taking advantage of the catch-up concessional contribution

- Your work patterns and income may fluctuate from year to year. A tax deduction for superannuation contributions may not be needed in a low income year, but may be useful the following financial year if your income is significantly higher.
- Restricted cashflow may prevent you from topping up your super, but you can make catch-up contributions when your cashflow improves.
- If you sell a large asset like a portfolio of shares or an investment property, you could have a significant capital gain. You could then take advantage of the catch-up concessional contribution to reduce your taxable income in the year of that capital gains event.
- If you have an eligible spouse, you may be able to split your concessional contributions. Meaning, a portion of your concessional contributions can deducted from your superannuation account and added to your spouse's superannuation account.

Concessional contributions can be a complex area and you cannot access your superannuation until a condition of release has been met. It's best to seek professional advice so you can implement the right strategies for your circumstances and maximise your super savings.

Case study

Monica (50 years old) earns an annual salary of $80,000. Her employer is making 11.5% super guarantee contributions, and she has received $30,000 net capital gains from selling down units in a managed fund.

She can afford to make a $40,000 personal deductible contribution to super.

Her available concessional cap this financial year

is $82,500 (this years $30,000 concessional cap increased by $52,500 of unused concessional contributions as her total super balance is $350,000 on 30 June 2024).

Comparing tax with and without personal deductible contributions

The table below shows the tax difference if Monica makes a personal deductible contribution.

	No Personal Deductible contribution	**With Personal Deductible Contribution**
Salary and capital gains	$110,000	$110,000
Personal Deductible cont.	-	$40,000
Taxable Income	$110,000	$70,000
Less Income tax & Medicare Levy	$25,988	$13,188
Net take home income	$84,012	$56,812
Contribution tax	-	$6,000
Net tax savings	-	$6,800

After making a $40,000 persona6l deductible contribution:

- Monica has contributed $34,000 to her super net of 15% contributions tax ($40,000 - $6,000).
- Monica's tax payable has reduced by $12,800 ($25,988 - $13,188).