

Table 1: Leah's concessional contribution cap position

	2018/19 (\$)	2019/20 (\$)	2020/21 (\$)	2021/22 (\$)	2022/23 (\$)	2023/24 (\$)
Standard concessional cap*	25,000	25,000	25,000	27,500	27,500	27,500
Unused cap from previous years	0	15,000	30,000	45,000	62,500	80,000
Cap including catch-up contributions	25,000	40,000	55,000	72,500	90,000	107,500
Concessional contributions made	10,000	10,000	10,000	10,000	10,000	45,000
Cumulative unused cap available for future years	15,000	30,000	45,000	62,500	80,000	62,500

*Indexation of 2.5 per cent a year assumed.

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- 2023/24 and thereafter – used cap space from each of the five prior financial years can be used in addition to the current year's.

SMSF trust deeds

It is important to ensure the trust deed of an SMSF permits members to make catch-up concessional contributions. Any provisions limiting acceptable contributions to those within set caps may need to be updated to reflect the new rules.

Order of catch-up contributions used

When a member uses some of their unused concessional contributions cap from previous years to increase their concessional cap, it is assumed the unused cap from the earliest of the five previous years is used first.

Example

Leah's employer pays her superannuation guarantee (SG) contributions of \$10,000 to her superannuation fund every year.

In 2023/24, Leah makes a deductible personal contribution of \$30,000 in addition to her employer's concessional SG contribution of \$10,000 on her behalf. At the end of 30 June 2023, Leah had a

total superannuation balance of less than \$500,000.

Table 1 summarises Leah's concessional contribution cap position.

Leah's total concessional contributions of \$40,000 in 2024/25 exceed the \$27,500 conventional cap in that year by \$12,500 – \$12,500 of her unused cap from 2018/19 will be used to increase her concessional contribution cap to \$40,000. The \$2500 in unused cap from 2018/19 that Leah does not apply will not carry forward into 2024/25 as it would then be six financial years earlier. As such, that \$2500 of her 2018/19 cap is lost.

Leah's unused cap carried forward to 2024/25 will be the sum of her unused caps from the five prior years (2019/20 to 2023/24). If the unused \$15,000 from the 2019/20 cap is not contributed in 2024/25, it will also be lost.

Total superannuation balance

The total superannuation balance generally includes the balances or surrender values of all the member's accumulation accounts, income streams and unallocated rollovers.

There are some very specific rules around the total superannuation balance. These include that:

- defined benefit income streams are generally given a value that reflects the credits and

debits that have been applied to the member's transfer balance account. There are set formulas that apply to many types of defined benefit income streams, and

- structured settlement contributions, usually related to some sort of compensation payments or personal injury settlements, do not count towards a member's total superannuation balance.

The ATO provides detailed information on the calculation of a member's total superannuation balance, particularly through its Law Companion Ruling 2016/2. It is important members of SMSFs take into account all their superannuation interests, including those outside the SMSF, when calculating whether their total superannuation balance is below the \$500,000 threshold.

Determining date

The critical date when considering whether a member's total superannuation balance will allow them to make catch-up concessional contributions in a financial year is 30 June of the prior financial year. If their account balance at the end of 30 June was below \$500,000, they will be eligible to make catch-up contributions.

It is important to understand that each financial year is viewed separately. A member could have a total superannuation balance over \$500,000 on 30 June before one financial