

Employer and Salary Sacrifice Contributions



This factsheet relates to Defined Benefit Members of the CBA Group Super Plan

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1. Concessional Contributions Cap

Concessional contributions include employer contributions, salary sacrifice contributions and personal contributions for which a tax deduction is claimed. Concessional contributions up to the cap are taxed at 15% and concessional contributions above the cap may be subject to additional tax.

The concessional contributions cap is:

Financial Year	Concessional Contributions cap
2024 – 25	\$30,000

The \$30,000 cap will be indexed to Average Weekly Ordinary Time Earnings (AWOTE), however the actual increase will only occur in increments of \$2,500.

For defined benefit members, the Government has set out a standard method that superannuation funds must follow to calculate the amount of concessional contributions for a financial year. The total concessional contributions for a defined benefit member include any concessional contributions to provide accumulation benefits as well as notional taxed contributions (NTC) relating to their defined benefit. These NTC are calculated using a standard method that is set out in Sections 3 and 4 as it applies to the CBA Group Super Plan.

If the total concessional contributions for a financial year exceeds your concessional contributions cap, then the concessional contributions above the cap may be subject to additional tax. However, special grandfathering provisions may apply – see Section 4 for more information.

If you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to 'carry-forward' unused concessional contributions. This means that you can contribute more than the general concessional contributions cap, and make additional concessional contributions for any unused amounts. Amounts carried forward that have not been used after five years will expire.

If your concessional contributions have exceeded the concessional contributions cap, the Australian Taxation Office (ATO) will contact you directly.

Please note that if you are a member of any other superannuation fund, your contributions will consist of the amount reported by Australian Retirement Trust plus the total of all other amounts reported by any other superannuation fund(s) for which you are a member.

2. Additional tax where income exceeds \$250,000 – Division 293 Tax

If your income including before-tax (concessional) contributions is over \$250,000, an additional 15% tax will apply to some or all of these contributions. Please refer to the ATO website for the definition of income.

The ATO is responsible for assessing liability for this tax, based on a member's personal income tax returns and contribution information provided by superannuation funds. ATO assessments relating to this tax refer to it as 'Division 293 Tax'.

For defined benefit members, the standard method for calculating concessional contributions for a financial year for the CBA Group Super Plan is as set out in Section 3.

Please note that if you are a member of any other superannuation fund, your contributions will consist of the amount reported by Australian Retirement Trust plus the total of all other amounts reported by any other superannuation fund(s) for which you are a member.

Where a defined benefit member is subject to a Division 293 Tax assessment, then payment of that part of their liability in respect of the defined benefit will be deferred until the defined benefit becomes payable.

If this additional tax applies to you, the ATO will contact you directly.

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3. Total Concessional Contributions for Defined Benefit Members

The standard method for calculating the total concessional contributions for a defined benefit member for a financial year is the sum of items A and B below:

A. Notional Taxed Contributions

The amount is calculated as:

$$\begin{aligned} & (\text{Contribution Rate} \times \text{Salary}) \\ & \text{less} \\ & (1.2 \times \text{Dollar value of Member After-Tax Contributions}) \end{aligned}$$

Where:

Contribution Rate is the rate for the benefit category set out below.

Division and benefit category description	Contribution Rate ¹
Division B ⁴	
Members with up to 20 years of service	9.6%
Members with 20 to 29 years of service	4.8%
Members with 30 or more years of service	1.2%
Division C ⁴	
Full Members who elected to contribute 0%, 1% or 2% of Superannuation Salary	9.6%
Full Members who elected to contribute 3% of Superannuation Salary	10.8%
Full Members who elected to contribute 4% of Superannuation Salary	12%
Full Members who elected to contribute 5% of Superannuation Salary	13.2%
Full Members who elected to contribute 6% of Superannuation Salary	14.4%
Full Members who elected to contribute 7% of Superannuation Salary	15.6%
Full Members who elected to contribute 8% of Superannuation Salary	16.8%
Full Members who elected to contribute 9% of Superannuation Salary	18%
Full Members who elected to contribute 10% of Superannuation Salary	19.2%
Basic Members	7.2%
Division D ⁴	
All Division D Members	18%
Division E ⁴	
Members who elected to contribute 0% of Superannuation Salary	7.2%
Members who elected to contribute 2% of Superannuation Salary	8.4%
Members who elected to contribute 4% of Superannuation Salary	9.6%
Members who elected to contribute 6% of Superannuation Salary	12%
Members who elected to contribute 8% of Superannuation Salary	14.4%

Employer and Salary Sacrifice Contributions



This factsheet relates to Defined Benefit Members of the CBA Group Super Plan

13 11 84 | art.com.au

Division and benefit category description	Contribution Rate ¹
Division CB ^{2,3}	
Members who elected to contribute 1% or 2% of Superannuation Salary	7.2%
Members who elected to contribute 3% of Superannuation Salary	7.2%
Members who elected to contribute 4% of Superannuation Salary	7.2%
Members who elected to contribute 5% of Superannuation Salary	9.6%
Members who elected to contribute 6%, 7% or 8% of Superannuation Salary	10.8%
Members who elected to contribute 9% of Superannuation Salary	12%
Division CC ^{2,3}	
Members who elected to contribute 1% or 2% of Superannuation Salary	7.2%
Members who elected to contribute 3% of Superannuation Salary	7.2%
Members who elected to contribute 4% of Superannuation Salary	7.2%
Members who elected to contribute 5% of Superannuation Salary	7.2%
Members who elected to contribute 6% of Superannuation Salary	8.4%
Members who elected to contribute 7% or 8% of Superannuation Salary	9.6%
Members who elected to contribute 9% of Superannuation Salary	10.8%
Division CD ³	
Members whose primary membership is in Division CD (i.e. they are not a member of Division CB, CC, CE or CF)	7.2%
Division CE ^{2,4}	
Members who elected to contribute 1% or 2% of Superannuation Salary	7.2%
Members who elected to contribute 3% of Superannuation Salary	7.2%
Members who elected to contribute 4% of Superannuation Salary	7.2%
Members who elected to contribute 5% of Superannuation Salary	7.2%
Members who elected to contribute 6%, or 7% of Superannuation Salary	8.4%
Members who elected to contribute 8% or 9% of Superannuation Salary	9.6%
Division CF ³	
Member who is no longer accruing Division CD benefits	12%
Member who is still accruing Division CD benefits	13.2%

Employer and Salary Sacrifice Contributions



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13 11 84 | art.com.au

Division and benefit category description	Contribution Rate ¹
Division CN ³	
Members who elected to contribute 2% of Superannuation Salary	8.4%
Members who elected to contribute 3% of Superannuation Salary	8.4%
Members who elected to contribute 4% of Superannuation Salary	9.6%
Members who elected to contribute 5% of Superannuation Salary	10.8%
Members who elected to contribute 6% of Superannuation Salary	10.8%
Division CO ³	
Member who was formerly a Hobart Staff Fund Category A Member	12%
Member who was formerly a Hobart Staff Fund Category B Member	7.2%

- ¹ This is the rate applicable whilst the Superannuation Guarantee (SG) is 11.5%, please contact Australian Retirement Trust for the information on rates that apply if the SG rate changes. The Contribution Rate may change for other reasons, therefore it is important to check with Australian Retirement Trust what the current rate is before making decisions about making any additional (voluntary) salary sacrifice contributions.
- ² Division CB, CC and CE members' accrual of defined benefits is subject to a maximum benefit multiple. For such members who have reached their maximum benefit multiple, the Contribution Rate is nil (unless the minimum requisite benefit is applying at 1 July at the beginning of the financial year).
- ³ For Division CB, CC, CD, CF, CN and CO members over age 60, the Contribution Rate is nil (unless the minimum requisite benefit is applying at 1 July at the beginning of the financial year).
- ⁴ For Division B, C, D, E and CE members over age 65, the Contribution Rate is nil (unless the minimum requisite benefit is applying at 1 July at the beginning of the financial year).

Salary is the member's annual superannuation salary on 1 July at the beginning of each financial year.

Member After-Tax Contributions is the amount of a member's **compulsory** after-tax contributions for the defined benefit.

Notes:

- Where the compulsory member contribution is made by salary sacrifice there is no deduction from the formula in item A above as these are incorporated into the Contribution Rate.
- For part-time members, the calculation is performed on a pro-rata basis.
- For a member who leaves the plan during the financial year, the calculation is performed on a pro-rata basis.
- Where a defined benefit is increased above the benefits provided in the plan's rules, an additional concessional contribution may be reported to the ATO as a concessional contribution amount.

B. Accumulation component

The amount of concessional contributions during a financial year to provide accumulation benefits that are not included in item A above (the NTC component). For example:

- Additional salary sacrifice contributions above the compulsory defined benefit member contribution amount.
- Additional employer contributions allocated to a separate Accumulation account that is payable in addition to the basic defined benefit component.

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4. Grandfathering arrangements for Defined Benefit Members

Grandfathering arrangements may apply if you were a defined benefit member on 12 May 2009 and the NTC component (item A) exceeds the concessional contributions cap.

Note that grandfathering arrangements do not apply to the Division 293 Tax.

If you are eligible for grandfathering, then the maximum amount of the NTC component will be equal to the concessional contributions cap for the financial year.

The grandfathering arrangements cease to apply in certain circumstances, for example:

- If the rules have changed or a discretion is exercised to improve the member's defined benefit;
- If the member has moved to a new benefit category and the Contribution Rate increases (unless the increase is due to a change to satisfy Superannuation Guarantee (SG) requirements or a compulsory category change);
- If the method of calculating superannuation salary has changed in a way that would increase the superannuation salary;
- If the rate of superannuation salary increase is more than 50% in 1 year on a non-arm's length basis; or
- If the rate of superannuation salary increase is more than 75% over 3 years on a non-arm's length basis.

Note: If you are a Division C with Basic Benefits member and you move to Division C with Full Benefits, grandfathering will be lost because you will be receiving improved (i.e. higher) benefits in the new category and your Contribution Rate will increase.

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13 11 84 art.com.au

Example 1

A Category C Full Member has a salary of \$100,000 at the beginning of the 2024/25 financial year. The member pays after-tax compulsory contributions of 5% of salary, totalling \$5,000. The member pays no additional salary sacrifice contributions.

The amount of concessional contributions to be reported to the ATO for the 2024/25 financial year would be:

1. Notional Taxed Contributions component:
(Contribution Rate x Salary) less (1.2 x Dollar value of Member After-Tax Contributions)
= (13.2% x \$100,000) – (1.2 x \$5,000)
= \$7,200.

Plus

2. Accumulation component: \$0

For the 2024/25 financial year, the total amount of concessional contributions to be reported to the ATO is \$7,200. In this example and if eligible, the member could make additional salary sacrifice contributions of up to \$22,800 (\$30,000 less \$7,200) without breaching the concessional cap of \$30,000.

As the salary plus concessional contributions is less than \$250,000, no Division 293 Tax is payable.

Note if the member has already reached their maximum accrued benefit multiple, they can no longer contribute so their after-tax compulsory contributions are 0%. In this case, their Notional Taxed Contributions component in 1. above would be (9.6% x \$100,000) = \$9,600.

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Example 2

A Category C Full Member has a salary of \$230,000 at the beginning of the 2024/25 financial year and is eligible for the grandfathering provisions. The member elects to pay compulsory contributions of 6% of superannuation salary on a pre-tax (salary sacrifice) basis. The member pays no additional voluntary salary sacrifice contributions.

The amount of concessional contributions to be reported to the ATO for the 2024/25 financial year would be:

1. Notional Taxed Contributions component:

(Contribution Rate x Salary)

= (14.4% x \$230,000)

= \$33,120.

Under the grandfathering provisions, as this amount exceeds the concessional cap of \$30,000, the amount to be calculated by the ATO in respect of the Notional Taxed Contributions Component is \$30,000.

Plus

2. Accumulation component: \$0.

For the 2024/25 financial year, the total amount of concessional contributions to be calculated by the ATO is \$30,000.

As the salary plus uncapped concessional contributions is \$263,120 and as this exceeds \$250,000, a Division 293 Tax is payable (note that grandfathering arrangements do not apply to the Division 293 Tax). The Division 293 Tax is 15% of the lesser of an individual's concessional contributions and the salary plus concessional contributions above the \$250,000 threshold. The payment of this liability is deferred until the defined benefit becomes payable at which time the ATO will contact the member.