



Superannuation Work Test exemption for retirees

The Government will provide a one-year exemption from the work test for superannuation contributions to allow recent retirees to boost their superannuation balances.

Currently people aged 65-74 must work a minimum of 40 hours in any 30-day period in the financial year in order to keep making contributions to superannuation – this is known as the work test.

An extra year to contribute to Superannuation

From 1 July 2019, Australians aged 65 to 74 with a total superannuation balance below \$300,000 will be able to make voluntary contributions for 12 months from the end of the financial year in which they last met the work test.

Total superannuation balances will be assessed for eligibility at the beginning of the financial year following the year that they last met the work test. Once eligible, there is no requirement for individuals to remain under the \$300,000 balance cap for the duration of the 12 month period.

Existing annual concessional and non-concessional caps (\$25,000 and \$100,000 respectively) will continue to apply to contributions made under the work test exemption.

Individuals will also be able to access unused concessional cap space to contribute more than \$25,000 under existing concessional cap carry forward rules during the 12 months.

As bring forward arrangements for non-concessional contributions are not available to those 65 and over, individuals will not be able to access bring forward non-concessional contributions under the work test exemption.

The work test exemption will give older Australians additional flexibility to contribute more into superannuation as they move into retirement.

This measure is estimated to have a cost to revenue of \$10 million over the forward estimates.

Gus increases his super as he transitions to retirement

At the age of 68, Gus retires from full-time work on 1 June 2020. As he would not meet the work test in the 2020-21 financial year, Gus would currently be prevented from making any voluntary super contributions after 30 June 2020.

As his total superannuation balance is \$150,000 at the end of the 2019-20 financial year, Gus is eligible to make contributions under the work test exemption from 1 July 2020 to 30 June 2021.

As Gus had not reached his concessional contribution cap over the past 2 years, having contributed only \$18,000 in 2018-19 and \$12,000 in 2019-20, under the existing carry forward arrangements and new work test exemption Gus can contribute up to \$45,000 at concessional tax rates in the 2020-21 financial year.

As a result of the work test exemption, Gus is also able to contribute up to \$100,000 in non concessional contributions in 2020-21.