8 Ways to Boost your Super

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The best way to ensure you will have a financially comfortable retirement is to boost your super with regular contributions which includes your employer contributions and any additional contributions, if you can afford them, as well as reviewing your super funds on a regular basis. By starting now and making small changes to how you approach your super savings, you can get closer to the retirement you'd like – and hopefully make your savings last longer.

The 'super booster' strategies all have different eligibility criteria and so if you are unsure you should seek advice from a financial planner to help you find the best strategy to meet your super and retirement goals.

1. Salary sacrifice

Salary sacrifice is an agreement with your employer to contribute a certain amount of your pre-tax salary into your super. Pre-tax (Concessional) super contributions are only taxed at 15% rather than your marginal tax rate, so salary sacrificing can be an effective way to both reduce tax and boost your super. Keep in mind you can only contribute up to the concessional cap of $27,500 (from 1 July 2021). [1]

2. Catch up concessional contributions

If your super balance is below $500,000 at 30 June the year prior, you can utilise unused concessional contributions from 2017/18 onwards to make additional contributions above the Concessional Cap.

For example, if your employer has contributed $10,000 p.a. to your nominated superannuation account for the last 3 years, this means you have $15,000 unused concessional contributions for each of those 3 years.

Under the current rules, that would mean you could contribute $30,000 unused concessional cap in this financial year without breaching the concessional cap. These funds would be taxed at 15% going into the super fund rather than your Marginal Tax Rate. This can be particularly beneficial in years where your taxable income is high.

3. Spouse contributions

If your spouse earns less than $40,000 p.a. you could contribute funds to their super account and (providing you meet all of the eligibility requirements) then claim the contribution as a tax offset in your tax return. If eligible you can both boost your spouse's super and claim an 18% tax offset, up to a maximum of $3,000. [2]

4. Government Co-Contributions

If you earn under $56,112 p.a., you may be eligible for a Government Co-Contribution of up to $500. If you make a Non-Concessional or after-tax contribution the Government will match this contribution (subject to eligibility) at a maximum of $500. [3]

5. Find lost super & consolidate

Make sure you don't have lost super that you don't know about. If you have had multiple employers or have moved and not updated your details you may have accumulated multiple accounts. The easiest way to track this is to log into your [MyGov account] and see what super funds you have.

You should check your insurance cover if you are consolidating and get advice as to whether you require the cover. Once you consolidate funds you lose that insurance cover and may be unable to replace it.

6. Downsizer Contribution

If you are over 65 years of age and sell your home (main residence) you may be eligible to make a super contribution of $300,000 from the proceeds of the sale. The great thing about this strategy is that is available regardless of your super balance, contribution history and work status.

If you are a member of a couple, this may be extended to $300,000 each. There are specific eligibility requirements and the funds must be contributed within 90 days of settlement. The Government also announced in the 2021 Budget that they are considering reducing the eligibility age to 60. [4]

7. Review your investments

Most super funds allow you to choose from a range or mix of investment options and asset classes, and choosing the most suitable option will typically come down to your attitude to risk and the time you have available to invest.

If you're young, you may have more time to ride out market highs and lows, and therefore be willing to take on more risk in the hope of achieving higher returns. Whereas if you're closer to being able to access your super, you may prefer a conservative approach, as a share market crash could be harder to recover from.


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8. Review your Super

The final tip is regularly review your super and make sure it is still appropriate to your personal circumstance and goals. Low fees may be important to you, but you should also consider other factors such as performance, insurance cover, benefits and features. The cheapest fund may not always be the best.

If you have insurance premiums being deducted from your super, you should regularly review your cover and make sure it is relevant and appropriate for you.

1 https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=Concessionalcontributionscap#Concessionalcontributionscap
2 https://www.ato.gov.au/Individuals/myTax/2021/In-detail/Super-contributions-on-behalf-of-your-spouse/
3 https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-co-contribution/
4 https://www.ato.gov.au/Individuals/Super/Growing-your-super/Adding-to-your-super/Downsizing-contributions-into-superannuation/

Where to find more advice.

For specialist advice based on your personal circumstances, you may book an obligation free consultation here.