

How super is taxed



1 July 2025

The information in this document forms part of the REI Super Product Disclosure Statement (PDS) dated 1 July 2025.

Super is one of the most tax-effective ways of saving for your future.

The following information is a general description of the tax treatment of accumulation superannuation accounts, and is based on our understanding of the tax laws as at the preparation of this document. It aims to give you an overview only, assuming you are an Australian resident. If you are not an Australian resident for income tax purposes, different tax rules may apply.

Tax rules, including the contribution caps and other figures shown here are subject to change from year to year due to

changes in legislation or annual indexation. For up to date information about the contribution caps and other figures, go to www.ato.gov.au.

As the taxation treatment of super can be complex it's a good idea to get professional advice if you are making major financial decisions. It's also a good idea to obtain advice as you build your super into a valuable asset.

Your Tax File Number (TFN)

Your TFN is important – if we have your TFN, you'll avoid paying extra tax on your contributions and your super. Your employer must pass your TFN to your super fund when you provide it for employment purposes.

You don't have to provide your TFN number to your employer. However, if we do not have your TFN:

- you will pay higher tax on any concessional contributions made for you
- we will only be able to accept employer (including salary sacrifice) contributions made for you. No other permitted contributions can be accepted, including non-concessional contributions (after-tax) and Government co-contributions
- you may pay higher tax than necessary on your super payout.

Any TFN information supplied to us will automatically be applied to all future contributions to and benefits paid from REI Super. If you do not have a TFN or require further information, contact the Australian Taxation Office (ATO) on **13 10 20**. The following information is based on the assumption that we have your TFN.

Taxes on superannuation accounts

Superannuation is generally taxed at three stages:

- contributions paid into a super fund
- super benefits paid from a super fund
- investment earnings of a super fund.

Tax on contributions

Super contributions are classified as either 'Concessional' or 'Non-concessional'.

Concessional contributions

Concessional contributions include Superannuation Guarantee (SG) contributions, salary sacrifice contributions, any extra employer contributions, and contributions for which a tax deduction is claimed.

Concessional contributions may also include certain other amounts allocated by the Trustee, certain contributions made

by other people (except the member's spouse) for the member, and some amounts rolled over to your account. Concessional contributions up to an annual limit are usually taxed at a maximum rate of 15%*.

Note that it will only be possible for the Trustee to pay or refund this tax up to the amount in your super account.

Concessional contributions are subject to an annual cap of \$30,000 for the 2025/26 financial year (subject to a limited ability to carry forward unused cap amounts in a year to another financial year). The annual cap is subject to indexation in future years. Refer to the 'How super works' fact sheet available at reisuper.com.au for more information about carrying forward unused cap amounts. Any concessional contributions over the limit will also count towards the limit on non-concessional contributions – see 'Non-concessional contributions' below. For more information, please visit www.ato.gov.au.

* If your income (including your before-tax contributions) is over \$250,000, an additional tax of 15% will be levied on taxable contributions above this threshold.

Non-concessional contributions

Non-concessional contributions include contributions made from your after-tax salary (unless they are a permitted re-contribution of a COVID-19 early release payment), spouse contributions made for you, certain amounts allocated by the Trustee, and, any concessional contributions over and above the concessional contributions limit.

Non-concessional contributions made in the 2025/26 financial year are usually subject to an annual cap of \$120,000 or, subject to some conditions, \$360,000 over 3 years. Non-concessional contributions are not usually subject to tax. Non-concessional contributions cannot usually be made after age 75.

Individuals under 67 at any time in a financial year may be able to bring forward contributions up to the non-concessional cap for the next 2 years depending on their age and amount of their 'Total Superannuation Balance' at the end of the previous financial year (provided their 'Total Superannuation Balance' is not equal to or more than the applicable General Transfer Balance Cap). The impact of your 'Total Superannuation Balance' on bringing forward non-concessional contributions is complex and depends on your individual circumstances. For more information contact us.

The 'bring-forward' provision is automatically triggered if a person makes a non-concessional contribution in excess of the applicable non-concessional contributions cap in a financial year.



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For example, up to \$360,000 may be contributed if a person triggers the bring forward rule in 2025/2026, however the amount that can be contributed over 3 years will be lower if the bring forward rule was triggered before 1 July 2025. There may be limitations on the kinds of contributions a super fund can accept for you, depending on your age. Generally, if you are aged 75 or more, a super fund may only be able to accept compulsory employer contributions and downsizer contributions for you. For more information, refer to the 'How super works' fact sheet available at [reisuper.com.au](https://www.reisuper.com.au).

Summary of annual super contribution limits and tax treatment for the 2025/26 financial year		
Type of contribution	Annual contribution cap ¹	Excess contributions tax ²
Concessional	\$30,000	Marginal tax rate
Non-concessional	\$120,000 ³	47% (if excess non-concessional contributions are not withdrawn, marginal tax rate applies to associated earnings)

1. These caps apply across all super products you contribute to. It is your responsibility to monitor contributions made by or for you during each financial year.
2. Excess concessional contributions are included in your taxable income. They are also counted as non-concessional contributions unless they are withdrawn from the fund (you may be able to withdraw up to 85% of the excess amount). If excess non-concessional contributions are not withdrawn from your superannuation account (you can withdraw them plus 85% of the associated earnings) the additional tax you pay may be higher. A non-refundable tax offset of 15% is allowed for tax already paid by the fund.
3. Individuals with a 'Total Superannuation Balance' in all super funds that adds up to the 'General Transfer Balance Cap' (\$2 million for 2025/26) or more (at the end of the previous financial year) are not permitted to make non-concessional contributions for the current financial year. Subject to some conditions, it may be possible to contribute a higher amount in a financial year by 'bringing forward' up to three times the individual's applicable annual non-concessional contributions cap. For more information about non-concessional contributions see page 1 of this factsheet. For information about other contribution options available to you, refer to the 'How super works' factsheet available at [reisuper.com.au](https://www.reisuper.com.au).

You'll pay more tax if you exceed the annual contributions caps

If you (or somebody for you) makes a contribution that causes you to exceed a cap, you will be notified by the Australian Tax Office of any additional tax or charge payable. You may withdraw the excess from your superannuation account subject to some conditions. If you choose not to, the excess will attract additional tax or Government charges. Any tax or charge payable will be your responsibility, however the tax payable may be met from monies released from your super account in certain circumstances if the ATO provides you (or us) with a release authority.

Your account balance will be reduced to take account of any tax paid by us in respect of your contributions.

Tax on benefits

You may have to pay tax on your super payout when it is paid from REI Super.

The actual amount of tax depends on:

- your age when you leave the Fund
- the type of payout, and
- certain other factors.

You should obtain advice from a licensed, or appropriately authorised, financial adviser if you are unsure of what tax you may have to pay.

Your lump sum payout and tax

The tax payable on lump sum super benefits (for reasons other than death) depends on your age and the different components that make up your payout.

Lump sum benefits on or after age 60

You pay no tax on lump sum benefits on or after age 60.

Lump sum benefits before age 60

Your lump sum payout will be made up of two components:

- a tax-free component – this generally comprises your personal after-tax contributions, spouse contributions and an amount that represents any portion of your benefit built up before 1 July 1983. A higher tax-free amount may apply if you are totally and permanently disabled. You pay no tax on this component; and
- a taxable component – this is your super payout, less any tax-free component.

If you take your super payout before you reach age 60, you pay tax at a maximum of 20%[^] on your total taxable component.

For information about tax payable in other circumstances, for example, temporary residents departing Australia, please contact our Helpline or visit www.ato.gov.au.

[^] Plus the Medicare levy.

Tax on Death and Disablement benefits

A lump sum payment made upon your death directly to a dependant (as defined for tax purposes) will be tax-free.

A non-dependant will be taxed at special rates (ranging from 15% to 30%) plus the Medicare levy on the taxable component; no tax is payable on any tax-free component.

Similarly, if a lump sum payment is made upon your death to your estate for distribution in accordance with superannuation law, the Fund's governing rules, any recent nomination of beneficiary form, your Will or the administration laws, the amount given to a dependant by the estate will be tax-free in the estate and to the dependant. A payment by the estate to a non-dependant will be taxed at special rates on the taxable component; no tax is payable on any tax-free component.

See **How Super Works** available from [reisuper.com.au](https://www.reisuper.com.au) for details.

Tax on Total and Permanent Disablement and Income Protection benefits

Insurance benefits are taxed at different rates depending on your age when you are disabled. For example, when you are young, the level of tax rate is very low; when you are near retirement, the level of tax will be similar to tax on the Retirement benefit.

For more information, contact the ATO on **13 10 20**.

Income Protection insurance benefits are generally taxed in the same way as salary or wages.

Need help?

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