



Tax and your PSSap super

Who should read this?

Members who want to understand how their PSSap super is taxed.

What is in this fact sheet?

- > What you should know up front
- > How is my super taxed?
- > What is the superannuation surcharge?
- > How is my PSSap lump sum benefit taxed?
- > How is my PSSap death benefit taxed?
- > How is my income protection taxed?
- > What about the government super co-contribution?
- > Do I have to supply my tax file number?
- > Do you have my tax file number?
- > Where can I get more information?

What you should know up front

It is important you read the disclaimer at the end of this fact sheet. Before making any decisions, please read the **PSSap Product Disclosure Statement** and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

How is my super taxed?

Super is taxed at three points:

- > tax is deducted from contributions going into the PSSap
- > investment earnings are taxed and
- > you may pay tax on your PSSap benefits.

To see the latest tax rates visit www.ato.gov.au.

What is the superannuation surcharge?

The super surcharge is a tax which was abolished from 1 July 2005. Surcharge relating to periods before 1 July 2005 will continue to be assessed and payable. It's possible you have incurred a surcharge debt before 1 July 2005 from super in other funds.

If you transfer an amount from another super fund to the PSSap, and you have previously accrued an unpaid surcharge debt, this debt may be included in the amount we receive from your previous fund.

If this is the case, once the amount has been identified as a surcharge debt, it will be deducted from your account and paid to the Australian Taxation Office (ATO).

How is my PSSap lump sum benefit taxed?

The PSSap is a complying super fund for the purposes of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the Regulations to that Act. As a consequence, the investment earnings and benefits paid by the scheme are taxed at concessional rates.

Your PSSap lump sum benefit is made up of different components which are taxed at different rates. You'll find the components and the rates at www.ato.gov.au.

Alternatively you can rollover your benefit to another complying fund. Your benefit isn't taxed if you roll it over to another super fund.

How is my PSSap death benefit taxed?

Your death benefit is the total of your account balance plus any insured benefit at the time of your death.

Death benefits paid directly to your dependants are tax free.

Death benefits paid to non-dependants are different to those paid to dependants and can be very complex. You should contact the ATO or a licenced professional to get advice.

If you die while still contributing to the PSSap, and your benefit is paid to a dependant, then your benefit will also include a refund of the 15% contribution tax paid by you over time. This is referred to as an anti-detriment payment. The amount is calculated in accordance with formulas published by the ATO.

How is my income protection taxed?

If you are receiving income protection payments, they're taxed as normal income.

What about the government super co-contribution?

No tax is paid on the co-contribution when it goes into your account and it doesn't count towards either contribution cap. However, tax is payable on any investment earnings.

Do I have to supply my tax file number?

We are authorised to collect your tax file number (TFN) under the *Superannuation Industry (Supervision) Act 1993*. Just give your employer permission to pass it on to us.

You don't have to supply it, and it is not an offence if you choose not to. We intend to use your TFN only for approved legislative purposes which include:

- > advising the ATO for the purposes of tax and super co-contributions
- > supplying your TFN to another fund if your benefit is transferred or rolled over (unless you request in writing for this not to be done)
- > assisting in searching for, and amalgamating, your benefits for you in the fund.

If you don't supply your TFN:

- > we won't be able to accept your non-concessional (after-tax) contributions
- > any concessional (before-tax) contributions will be taxed at the top marginal tax rate
- > we may not be able to locate and amalgamate your benefits for you in the fund and
- > benefits paid to you may be subject to a higher rate of tax, unless your TFN is later supplied by you. The additional tax may be reclaimed through the income tax assessment process.

The purposes of supplying your TFN and the consequences for choosing not to supply your TFN may change in line with future legislative change.

Do you have my tax file number?

You can check by logging in to **Your account**, ask your employer, or contact us.

Where can I get more information?

Email members@pssap.gov.au

Phone 1300 725 171

Fax 1300 662 406

Mail PSSap
PO Box 22
Belconnen ACT 2616

Web www.pssap.gov.au