7. How super is taxed

Additional guide

This statement was prepared on **1 July 2026**

The information in this document forms part of the Product Disclosure Statements of:
Vision Super Saver dated **1 July 2026**
Super Saver Australian Services Union dated **1 July 2026**

The information in this additional guide ('Guide') is a summary only and forms part of the Product Disclosure Statements (PDSs) for Vision Super Saver and Super Saver Australian Services Union. This Guide is issued by the Trustee and is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. Where tax information is included you should consider obtaining personal taxation advice.

This Guide is up to date at the time it was prepared. Information in this Guide is subject to change from time to time. If a change does not adversely affect you, we may update the information by notice on our website **visionsuper.com.au** and/or inclusion in the next newsletter.

You can also call our Contact Centre on **1300 300 820**. A paper copy of the updated information will be given to you without charge on request.

Vision Super Pty Ltd ABN 50 082 924 561 AFSL No. 225054, RSE Licence L0000239 ('the Trustee' or 'we' or 'us') is the Trustee of the Local Authorities Superannuation Fund ('Vision Super' or 'the Fund') ABN 24 496 637 884. The final authority on any issue relating to the Fund is the Trust Deed governing the Fund, the relevant provisions of the Commonwealth legislation and the relevant insurance policy (if applicable).

Our Target Market Determinations are available at **visionsuper.com.au/tmd/**

Superannuation may be taxed at three stages:

1. When contributions are made

2. While your money is invested, and

3. When you take your benefits (either as a lump sum, income stream/ pension or combination).

The rate of tax that applies at each of the above stages depends on a number of things such as the type of contributions, the amount of contributions, your age, whether the benefit payment is a lump sum or pension, and so on.

The following is a brief summary of how super is generally taxed. The taxation of super can be complex depending on your circumstances. We recommend that you seek professional taxation advice or contact the Australian Taxation Office (the ATO) at **ato.gov.au** for more information.

Tax file number (TFN)

When you join, we will ask you for your tax file number (TFN). We are authorised to do this under superannuation legislation. We can only collect, use and disclose your TFN for lawful purposes. These purposes may change in the future as a result of legislative changes.

It is not an offence not to give us your TFN and you are not obliged to do so. However, there can be significant adverse consequences if you do not give us your TFN or you give us an incorrect TFN such as:

- An additional tax of 30% (plus Medicare levy) is imposed on employer contributions and other concessional contributions paid into a superannuation account. This is in addition to the 15% tax rate that usually applies to these concessional contributions (ie the tax rate on these contributions, referred to as 'No-TFN contributions, is 47%)
- We cannot accept your personal contributions
- Any government co-contributions that might have otherwise applied are not payable, and
- Additional tax (other than the tax that ordinarily applies) may be deducted from your benefits when a benefit is made.

If you do not have a TFN, contact the ATO at **ato.gov.au** or on **13 28 61**.

Employer obligations

Your employer has a legal obligation to provide your TFN to us when you start employment or when the first contribution is made for you. However this does not always occur so you should check that we have your TFN.

If you are unsure whether Vision Super has your TFN, you can call our Contact Centre on **1300 300 820**.

You can quote your TFN any time

No-TFN contributions tax

If we do not have your TFN, we are required to pay the tax on your employer contributions (referred to as No-TFN contributions) each year. We deduct the additional tax from these contributions at the end of each year or when you leave the Fund. This additional tax is referred to as No-TFN contributions tax.

If you give us your TFN within three years of the end of the financial year that the additional tax on the No-TFN contributions was payable, we are able to claim the additional tax paid back for you. If you quote your TFN:

Before 30 June – the additional tax will be credited to your account as at 30 June that year

After 30 June – the additional tax will be credited as at 30 June the following year.

Using your TFN

Apart from avoiding the adverse consequences described above, giving us your TFN can make it much easier to find different superannuation accounts in your name so that you receive all your superannuation benefits. If you provide us with your TFN and you give us your consent, we can contact the ATO on your behalf to find out about any superannuation interests that have been reported to the ATO by other funds for you. We can then reunite you with your lost super or monies held on your behalf by the ATO.

Transfers to other superannuation funds

Please note that if we have your TFN, we will disclose your TFN to another superannuation provider when your benefits are being transferred, unless you instruct us in writing that your TFN is not to be disclosed to another provider.

Taxation of contributions

The rate of tax that applies to contributions depends upon the nature of the contributions and the total contributions that have been made for you.

Concessional contributions

Concessional contributions (including employer, salary-sacrifice contributions and member deductible contributions) are usually taxed at up to 15% on amounts up to $32,500 (for 2026/27) regardless of your age.

This cap is indexed in line with average weekly ordinary time earnings (AWOTE) and increased in increments of $2,500 (rounded down).

From 1 July 2018 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 contribute more than the general concessional contributions cap and make additional concessional contributions for any unused amounts in prior years. The first year you were able to use carry forward unused amounts was the 2019–20 financial year. Unused amounts are available for a maximum of five years and expire after this period.

Refer to the ATO website **ato.gov.au** for further information.

Here to help

Telephone 1300 300 820 (8:30am to 5:00pm)
Monday – Friday (not including Victorian public holidays)
Email memberservices@visionsuper.com.au
Visit visionsuper.com.au
Write PO Box 18041, Collins Street East, VIC 8003
USI 24496637884020

Excess concessional contributions tax

Where your concessional contributions exceed the relevant concessional contributions cap, the excess will be included in your assessable income and be taxed at your marginal tax rate. You will be entitled to a non-refundable tax-offset equal to 15% to account for the contributions tax that has already been paid in respect of your excess concessional contributions.

This excess concessional contributions tax is levied on you personally. You may elect to withdraw up to 85% of your excess concessional contributions from your superannuation account to help pay your income tax assessment when you have excess concessional contributions. Any excess concessional contributions withdrawn will no longer count towards your non-concessional contributions cap.

High income earners

If you earn income more than $250,000, you will pay an additional tax of 15% (ie 30% tax) on the lesser of the excess over $250,000 and your concessional contributions (excluding excess concessional contributions).

For these purposes, 'income' includes taxable income, reportable fringe benefits, total net investment losses, target foreign income, tax-free government pensions and benefits and concessional contributions up to the concessional contributions cap. Any excess contributions that have been subject to excess contributions tax are excluded from this calculation.

Non-concessional contributions

Non-concessional contributions are contributions that you make to your super fund from your after-tax income (ie from your take-home pay for which you do not claim a tax deduction). Non-concessional contributions are generally taxed at 0%. However, if these contributions exceed your non-concessional contributions cap additional tax is payable.

The Trustee is unable to accept non-concessional contributions over the non-concessional contributions cap of $130,000 (for 2026/2027). This cap is increased in $10,000 increments, in line with increases in the concessional contributions cap. If you have a total superannuation balance greater than or equal to the general transfer balance cap ($2.1 million from 1 July 2026) at the end of the previous financial year, your non-concessional contributions cap is $nil.

If you are under 75 years of age, you are able to 'bring-forward' the non-concessional contribution caps by up to three years subject to your super balance on the 30 June prior to the financial year. If you go over the non-concessional cap, you can withdraw the excess non-concessional contributions, and 85% of any associated earnings. The earnings would then be included in your income tax assessment, less a non-refundable tax offset of 15% of the associated earnings. If you choose not to withdraw your excess contributions, they are taxed at the top marginal tax rate (plus Medicare Levy). The ATO will work out if you have gone over the non-concessional contributions cap by looking at the information as reported by the Trustee and any other funds you are a member of and what you have reported in your tax return.

Refer to ATO website **ato.gov.au** for further information.

At a glance, the above can be summarised as follows:

Type of contributions	Your age	Contribution cap	Tax
Concessional contributions	All ages	$32,500^	Usually up to 15%* tax on amounts up to your cap each year Amounts in excess of the cap incur additional tax
Non-concessional contributions	Under 75 years	$130,000 or up to $390,000 in a three year period†	0% tax on amounts up to your cap each year Contributions in excess of the cap incur additional tax

^ Subject to the unused balance rules.

* An additional 15% tax is charged on some or all of these contributions if an individual's annual income (including eligible concessional contributions) is over $250,000.

† Subject to the bring forward provisions and your total superannuation balance. Maximum of $390,000 applies if bring forward provisions are triggered by contributions in 2026/27.

Other contributions

No contributions tax is payable on:

- Spouse contributions
- Amounts transferred or rolled into the Fund from other superannuation funds (except where it includes an untaxed component for example, amounts transferred from certain exempt public sector schemes), or
- Government co-contributions.

If you rollover or transfer any superannuation benefits to the Fund which includes an untaxed amount, this untaxed amount will be subject to 15% tax.

Deductible personal contributions

If you intend to claim a tax deduction for your personal contributions, you must lodge a valid Notice of intent to claim a tax deduction. Eligibility conditions apply. If you would like a copy of this notice, you can call our Contact Centre on **1300 300 820**.

When you give us a Notice of intent to claim a tax deduction, you will receive a confirmation from us acknowledging that we have received your notice. You should make sure that you receive this confirmation the earlier of the following dates:

- The day that you lodge your tax return, or
- The end of the income year following the year in which the personal contributions were made.

If you haven't received our confirmation that we have received your notice, please call our Contact Centre on **1300 300 820**.

If you claim a deduction for your personal contributions, you may not be eligible for a government co-contribution (refer below) and other superannuation impacts may arise. Please refer to the ATO website at **ato.gov.au** for further details, including eligibility criteria for claiming a tax deduction.

Government co-contributions

If you are eligible, the government will contribute up to $0.50 for every after-tax dollar you contribute to your super account, up to a maximum of $500 per year. The co-contribution reduces if your income for a financial year is above $49,293 (2026/27) and cuts out when your income for a financial year is $64,293 (2026/27) or above.

You may be eligible for the co-contribution payment if you:

- Earn a total assessable annual income of less than $64,293 for 2026/27 (including reportable fringe benefits)
- Make non-concessional (after-tax) contributions into a complying super fund during that year and do not claim a tax deduction for it
- Lodge an income tax return for the year
- Are under 71 years of age at the end of the year
- Do not hold a temporary resident visa at any time during the year
- 10% or more of your total income comes from eligible employment-related activities, carrying on a business or a combination of both
- You must have a total superannuation balance less than the general transfer balance cap at the end of the previous year ($2.1m for 2026/27), and
- The contribution you made does not exceed your non-concessional contribution cap.

If you are eligible, your co-contribution amount will be automatically calculated and deposited into your super account. You cannot receive a co-contribution if we do not have your TFN.

While the co-contributions are treated as non-concessional contributions, they do not count towards your non-concessional contributions cap.

Low income super tax offset

If you are eligible and earn $37,000 or less, the government will refund 15% of your concessional contributions made by you or your employer, up to a maximum of $500 pa. The amount will automatically be calculated by the ATO and deposited into your super account each year after you lodge your tax return.

While your money is invested

Investment earnings are taxed up to a maximum rate of 15%. Where the assets of a fund are invested in Australian and international equities, there may be imputation credits for franked dividends and foreign tax credits that offset the tax payable on the earnings of the fund.

Capital gains tax is generally payable on most assets held by a super fund. Any capital gains on assets that have been held for at least 12 months are generally taxed at an effective rate of up to 10%.

Super account balances over $3 million

If your total super balance exceeds $3 million, you may pay an additional 15% tax on a portion of your super earnings above this threshold. Importantly, the tax does not apply to your full balance — only to earnings attributable to the amount above $3 million. For example, if your balance is $3.5 million, only the earnings on the $500,000 above the $3 million threshold would be subject to the additional tax. If earnings for the year were 10% (or $350,000), around $50,000 of those earnings would relate to the amount above $3 million, resulting in an additional tax of approximately $7,500.

The tax is assessed and calculated by the Australian Taxation Office (ATO), not your super fund.

The new rules apply from 1 July 2026. The first assessments are expected to occur after 30 June 2027.

Taxation of benefits withdrawn from the fund

Tax may be payable when you withdraw a benefit from super. The amount of tax depends on a number of factors including your age, how you take your benefits (ie as a lump sum or income stream/pension), the amount of your payment and its components and the reason for your payment.

Tax will not be payable if you roll over or transfer your benefits to another account within the Fund (such as an Account based pension) or another complying super fund.

If you're under age 60, tax is deducted from super benefit withdrawals before you receive them. If you're aged 60 or over, withdrawals are tax-free.

The following is a summary of how lump sum benefit payments are taxed. Benefits taken as an income stream/pension (rather than a lump sum) are treated differently. For further information refer to the Income Streams PDS, available on our website.

Tax on lump-sum payments

Your super benefit is divided into two components as follows:

- A tax-free component, and
- A taxable component.

When you make a lump sum withdrawal, the withdrawal is taken proportionally from these components. You cannot choose to have a partial withdrawal from one particular component.

The tax-free and taxable components are worked out using complicated rules, but in general the components depend on the source of the original contribution. Some withdrawals are treated differently (eg death benefits). See below for further information.

Payments to former temporary residents (referred to as 'Departing Australia Superannuation Payments') are treated differently.

For more information about this, contact us on **1300 300 820**.

Tax-free component

The tax-free component is generally made up of your non-concessional contributions plus any crystallised tax-free amounts at 30 June 2007. Special rules apply if you are paid a permanent incapacity payment.

No tax is payable on the tax-free component.

Taxable component

The taxable component is the total of your benefit less the tax-free component. The rate of tax on the taxable component depends on a number of factors including your age and whether there are any specific reasons why the benefit is being paid.

Generally, if you are 60 or over, your lump sum payment is tax-free.

If you are under 60 when you receive your lump sum benefit, the taxable component will be subject to 20% tax (plus the Medicare levy).

At a glance, the above can be summarised as follows:

Component	Age	Tax
Tax free	All ages	0%
Taxable	Under age 60	20%^
	From age 60 years	0%

^ Plus Medicare levy.

Taxation of other benefits

Special tax rules apply depending on the circumstances in which the payment is made including whether the payment relates to:

- Death benefits
- Permanent/temporary incapacity benefits
- Terminal medical condition (referred to as 'terminal illness' in this document), or
- Departure from Australia on a permanent basis (temporary residents only).

Tax on death benefits

Death benefits receive favourable tax treatment, depending on who receives the benefit (such as whether the payment is made to a tax dependant) and how it is paid. Dependants for income tax purposes include:

- Your spouse or de facto
- Children, but only those under age 18
- Any other person who is financially dependent on you at the time of your death, and
- Any other person with whom you have an interdependency relationship.

The definition of spouse includes same sex couples and the definition of child includes eligible children of same sex couples. This means that same sex couples and their children are able to access the same tax concessions on lump sum death benefits available to married and de facto opposite sex couples. In addition, a spouse is recognised when the relationship is registered on the Register of Births and Marriages under state or territory law.

Tax dependents will pay no tax on a lump sum payment that they receive.

The taxable component of a lump sum paid to a non-tax dependant will be taxed concessionally at a rate of 15% plus Medicare levy. Any untaxed element will be taxed at a rate of 30% plus Medicare levy.

Permanent/temporary incapacity benefits

Permanent incapacity benefits receive favourable tax treatment and include a tax-free component which relates to the period from the date of permanent disablement to age 65 years. Temporary incapacity benefits are generally taxed at your marginal tax rate plus the Medicare levy.

Tax on terminal illness benefits

If you fulfil the terminal illness requirements under the relevant insurance policy (if applicable) and superannuation legislation, your benefit will be tax-free (if it is paid during your medically certified terminal illness period).

At a glance, the above can be summarised as follows:

Lump sum superannuation payment	Age	Paid to	Maximum rate of tax^
Withdrawal	From age 60 years	You	0%
	Below age 60	You	20% of the taxable component
Super lump sum benefits less than $200		You	0%
Departing Australia Superannuation Payments		You	Non-working holiday maker visa holders Tax-free component – 0% Taxable component – 35% for the taxed element – 45% for the untaxed element (for the 2026/27 year) Working holiday maker visa holders – 65% for both elements
Terminal illness payments		You	0%
Death benefit payments		Tax dependant	0%
		Non-tax dependant	Taxed element – 15%^ Untaxed element – 30%^
Rollover between super funds			Generally, there is no tax payable if you transfer money from one super fund to another if both funds are based in Australia The only exception is where the amount transferred contains an untaxed element, which may occur when transferring benefits from certain public sector super funds
		Super fund	Taxed element – 0% Untaxed element – balance up to $1.935m (for the 2026/27 year) – 0% – balance over $1.935m (for the 2026/27 year) – 45%

^ Plus Medicare levy (except for Departing Australia Superannuation Payments).

It should be noted that the transfer balance cap for 2026/27 is $2.1 million. This is the limit on the total amount of superannuation that can be transferred into the retirement phase. All your account balances (across all superannuation funds you participate in) will be included when working out this amount. It does not matter how many accounts you hold these balances in.

You can continue to make multiple transfers into the retirement phase as long as you remain below the cap.