

The concessional contributions cap and NTCs for DBD members receiving 14% employer contributions

Who is this fact sheet for?

UniSuper's Defined Benefit Division (DBD) members receiving 14% employer contributions. This fact sheet does not apply to members making half contributions.

What this fact sheet covers

This fact sheet explains how the concessional contributions cap could affect your super, and how notional taxed contributions (NTCs) apply to UniSuper's DBD members.

What are concessional contributions?

Generally, a concessional contribution is a contribution made by or for you before tax, and may include:

- any NTCs to the defined benefit component
- any contributions made under a salary sacrifice arrangement
- any employer contributions made to your accumulation component
- any personal contributions that are claimed as a tax deduction (where you're eligible to claim the tax deduction).

Please note if you split your concessional contributions with your spouse, the full amount of the original contributions still counts towards your concessional contributions cap.

Concessional contributions cap and tax

The government imposes limits, called contributions caps, on the total amount of contributions you can make to super in each financial year and still receive concessional tax treatment on those contributions.

The concessional contributions cap could have a significant impact on your super so it's important to understand the implications of your cap and what you can do to minimise its impact on you.

Concessional contributions made into your super each financial year (in total across all the super funds you have) that don't exceed your concessional contributions cap are taxed at a concessional rate of 15%.*

If you exceed the cap, you may pay a higher tax rate on contributions that exceed the cap or we may refuse to accept contributions in some circumstances.

The cap applies to all concessional contributions made by you or on your behalf in a financial year, regardless of how many employers or super funds you have.

It's your responsibility to monitor the contributions made into your UniSuper account, and to any accounts you may hold in other super funds, to ensure you don't exceed the cap.

For more information about what happens when you exceed your contributions caps, refer to the *Defined Benefit Division and Accumulation 2* Product Disclosure Statement at unisuper.com.au/pds.

* If you're a high income earner with 'income for surcharge purposes' of more than \$250,000 within a financial year, an additional tax of 15%—known as the Division 293 tax—applies to any concessional (before-tax) super contributions you make. The Division 293 tax isn't applied to non-concessional (after-tax) contributions or excess concessional contributions.

Please note

It's your responsibility to track whether you'll exceed or have exceeded your contributions caps.

Log in to your account at unisuper.com.au to review how you're tracking against your current contributions caps.*

* Your online account only shows contributions to your UniSuper account. If you've made contributions to other super funds, the money will count towards your limits for the financial year. Contact your other fund/s or the ATO for more information.

What are notional taxed contributions?

Notional taxed contributions (NTCs) are the notional amount of contributions (excluding after-tax member contributions) that relate to your defined benefit interest. We calculate NTCs using a government-defined formula.

NTCs are counted towards a member's concessional contributions cap and are added to the concessional contributions made to a member's accumulation style accounts in a financial year to determine whether the member has exceeded their concessional contributions cap.

As a result of the factors which make up the formula, NTCs are generally lower than the actual employer contributions and any default member contributions made into your defined benefit (DB) component.

This means DBD members may be able to 'top up' their contributions before they reach the annual cap.

The extent of this benefit, however, varies between different sub-groups of DBD members, because of the way the government has constructed the NTC formula.

Special 'grandfathering' rules for DBD members who joined before 12 May 2009

If you've been a DBD member since before 12 May 2009, special 'grandfathering' arrangements generally apply. If your NTC amount exceeds the concessional contributions cap and you're a grandfathered member, the ATO applies special rules when determining how your NTCs are counted against the cap. We'll report the full NTC amount to the ATO, together with your applicable grandfathering status, and the ATO determines the cap that applies.

These grandfathering rules only apply to NTCs (which relate to the DB component of your benefit). They don't apply to concessional contributions made to the accumulation component of your account or another fund.

Note: These grandfathering rules don't apply to members who joined the DBD on or after 12 May 2009. Grandfathering rules can be lost if you left the DBD from 12 May 2009 and later rejoined, or in other cases, including where your super salary is increased in a way that isn't considered standard, or where changes to the fund rules result in a higher retirement benefit value.

Calculating the annual NTC amount

To determine the NTC amount for a financial year, we use the following formula:

$$1.2 \times \left(\text{NEW ENTRANT RATE} \times \text{SUPERANNUATION SALARY AT START OF FINANCIAL YEAR} \times \frac{\text{DAYS IN NTC CATEGORY}}{365} - \text{ANY AFTER-TAX CONTRIBUTIONS made to the DB component} \right)$$

THE NTC FORMULA EXPLAINED

New entrant rate	The Fund's actuary has calculated new entrant rates for UniSuper defined benefit members. These rates are determined by the date the member joined the Fund and groupings of the selected member contribution rates. The regulations prescribe the way new entrant rates must be calculated. To see your new entrant rate, please refer to the table below.
Super salary at start of financial year	Generally this is your annual salary as at 1 July.
Days in NTC category	How many days in the financial year you were in the same benefit category, adjusted for any periods of part-time work.
Any after-tax contributions to the DB component	This is the amount of after-tax member contributions paid into your defined benefit component during the financial year.

The NTC amount calculated using the above formula may increase in some situations, including where your super salary is increased in a way that isn't considered standard, or where changes to the fund rules result in a higher retirement benefit value.

Your NTC amount, together with any concessional (before-tax) contributions made to your accumulation component, is reported to the ATO.

Your NTC new entrant rate

Your NTC new entrant rate is used to determine your annual NTC amount as discussed above. The rates are summarised in the table below:

EMPLOYER CONTRIBUTION RATE	DEFAULT MEMBER CONTRIBUTION RATE		NTC NEW ENTRANT RATE		
	BEFORE TAX	AFTER TAX	JOINED DBD* BEFORE 1 JANUARY 1990	JOINED DBD* FROM 1 JANUARY 1990 TO 30 JUNE 1998	JOINED DBD* ON OR AFTER 1 JULY 1998
14% to the DB component only	8.25%	7.00%	16%	16%	14%
	7.70%	6.55%	16%	15%	14%
	6.55%	5.55%	15%	14%	13%
	5.35%	4.55%	14%	13%	12%
	4.20%	3.55%	13%	13%	11%
	3.00%	2.55%	12%	12%	11%

* If you're unsure about when you joined the DBD, log in to your account at unisuper.com.au.

Example

MEMBER PROFILE FOR 2026-27 FINANCIAL YEAR

Joined DBD	2 July 1998
Age	50 years
Days in NTC category (adjusted for any periods of part-time work)	365 (employed full time during entire financial year)
Member contribution rate (before tax)	8.25% (maximum default member contribution)
Superannuation salary at 1 July 2026	\$100,000 p.a.
NTC new entrant rate (from table on previous page)	14%

To calculate the NTC amount for this member for 2026-27:

$$1.2 \times \left(14\% \times \$100,000 \times \frac{365}{365} - 0 \right) = \$16,800$$

As the member has salary sacrificed the maximum member contribution, there can be no after-tax contributions made to the defined benefit component on their behalf that can be deducted as part of the formula.

In this case, the member's total concessional contributions reported to the ATO for 2026-27 will be \$16,800.

This member is below their \$32,500 concessional contributions cap.

These calculations assume no concessional contributions are made for the member to another super fund and no additional concessional contributions are made for the member to their UniSuper accumulation component.

Where can I get help?

- Log in to your online account at unisuper.com.au and select *Check on your contributions* to view your personal NTC amount.
- Call us on **1800 331 685** or visit unisuper.com.au/contact-us for more options, including chat.
- Visit the ATO website at ato.gov.au.
- Meet with one of our super consultants. Visit unisuper.com.au/superbookings to make an appointment.

We strongly recommend you consult a qualified financial adviser before making any changes. You can speak to UniSuper Advice for personal advice that takes your specific financial goals and needs into account. For more information visit unisuper.com.au/advice, or call UniSuper Advice on **1800 823 842**.

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