Reference Guide:

How super is taxed

The taxation system is complex and different rules may apply depending on your individual circumstances. The information in this Reference Guide is an overview of some of the tax implications at the date this document was prepared (1 July 2023) but changes may occur in the future. You should consider seeking professional taxation advice before making any decisions that affect your financial future.

This Reference Guide was issued on 1 July 2023.

The information in this document forms part of:

- *Product Disclosure Statement (PDS) for Accumulate Plus for Group Employee, Retained Benefit and Spouse members* dated 1 July 2023
- *PDS for Retirement Access* dated 1 July 2023.

You should read this Reference Guide in conjunction with the relevant PDS – it's not intended to be read as a document in its own right.

This document was prepared and issued by Commonwealth Bank Officers Superannuation Corporation Pty Limited (ABN 76 074 519 798, AFSL 246418, RSEL L0003087), the trustee of Commonwealth Bank Group Super (the fund) (ABN 24 248 426 878, RSER R1056877, USI (for Accumulate Plus) and SPIN OSF0001AU).

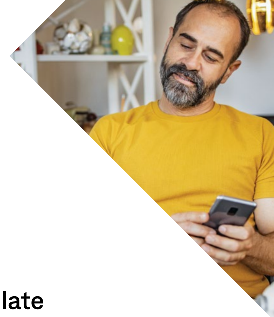
We may change the features of the fund as described in this Reference Guide at any time. We'll notify you of changes that adversely affect you as required by law. If changes aren't materially adverse, we may issue an Update Notice before or after the change occurs, instead of updating the Reference Guide. It's possible that changes may occur in the future without prior notice to you.

The information in this Reference Guide is general information only and doesn't take into account your individual objectives, financial situation or needs. You should consider the information and how appropriate it is to your own objectives, financial situation and needs before making a decision about the product.

You can obtain the PDS, Reference Guides and Update Notices free of charge from our website oursuperfund.com.au/pds, or call our Helpline for a copy. You should seek professional advice tailored to your personal circumstances from an authorised financial adviser.

The target market for these products can be found in the product's *Target Market Determination* at oursuperfund.com.au/tmd.

Taxation considerations are general and based on present taxation laws and may be subject to change. The trustee is also not a registered tax (financial) adviser under the Tax Agent Services Act 2009. You should seek tax advice from a registered tax agent or a registered tax (financial) adviser before making a decision based on this information or if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.



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Important
Note: The term 'income' may be defined differently by the ATO depending on the context or purpose for which it is used. You should seek further advice or refer to the ATO for more information. In addition, Accumulate Plus and Retirement Access are products within a taxed super fund, therefore this Reference Guide doesn't take into consideration the treatment of untaxed elements of the taxable component of a super benefit.

Importance of providing your tax file number (TFN)

Under the *Superannuation Industry (Supervision) Act 1993*, we are authorised to collect, use and disclose your TFN.

We may disclose your TFN to another super provider when your benefits are being transferred, unless you request to us in writing that your TFN is not disclosed to any other super provider.

Declining to quote your TFN to us is not an offence. However, giving your TFN to us will have the following advantages:

- We will be able to accept all permitted types of contributions to your account.
- Other than the tax that may ordinarily apply, you will not pay more tax than you need to. This affects both contributions to your super and benefit payments when you start drawing down your super benefits.
- It will make it much easier to find different super accounts in your name so that you receive all your super benefits when you retire.

If you complete a TFN declaration for your employer, they are required to notify us of your TFN. If you have provided your TFN to your employer for super purposes, they are required to notify us of your TFN when a contribution or allocation is made to your account.

The legal purposes for using a TFN may change in the future. If laws change, the consequences of not providing the TFN may also change.

To provide your tax file number
Log into Group Super Online or the Group Super App and go to 'Personal details'
Complete our *TFN notification* form
Call our Helpline on 1800 023 928

Tax on contributions

Read our *Reference Guide: Contributing to your super* for more about types of super contributions and contribution caps.

Concessional contributions

Concessional contributions include employer contributions, salary sacrifice contributions and personal concessional contributions. The **concessional contributions cap for 2023-24 is $27,500**, regardless of your age.

Tax applying to contributions up to the concessional contributions cap

- **15% if your income is $250,000 or less** – these are referred to as low-tax contributions. Tax may be deducted at the time of contribution or when we receive notice of your intent to claim your personal contribution as a tax deduction.
- **30% if your income is more than $250,000** – 15% tax may be deducted at the time of contribution; the additional 15% tax is levied to you directly by the ATO after the end of the financial year. If your income exceeds $250,000 only as a result of including the low-tax concessional contributions, the additional 15% tax only applies to the portion of your contributions that exceeds the income threshold.
- If you haven't provided your TFN, concessional contributions may incur an additional no-TFN contributions tax. This effectively taxes contributions at the highest marginal tax rate plus Medicare and other applicable levies. This tax may be refunded if you subsequently provide your TFN within a certain period of time.

Tax applying to excess concessional contributions above the cap

- Excess contributions are included in your assessable income. Then they are taxed at your marginal tax rate (plus Medicare and other applicable levies, less a 15% offset in respect of contributions tax already paid) plus an interest charge.
- Excess concessional contributions also count towards your non-concessional contributions cap.
- If you exceed your concessional contributions cap, you can choose to withdraw up to 85% of your excess contributions. Withdrawn contributions are no longer counted as non-concessional contributions.
- You may elect to withdraw money from your super account to meet any additional tax liability in accordance with an ATO release authority.

Non-concessional contributions

Non-concessional contributions include personal after-tax contributions and spouse contributions. For the purposes of the non-concessional contributions cap, any excess concessional contributions are also included.

The **non-concessional contributions cap for 2023-24 is $110,000** if your total super balance was below $1.7 million as at 30 June 2023.

From 1July 2017, your non-concessional cap is nil for a financial year if, at the end of the previous financial year, you have a total superannuation balance greater than or equal to the general transfer balance cap. In this case, if you make non-concessional contributions in that year, they will be excess non-concessional contributions.

Note: The total superannuation balance cap was $1.6 million between 1 July 2017 and 30 June 2021, which increased to $1.7 million between 1 July 2021 and 30 June 2023. It has increased to $1.9 million from 1 July 2023.

If you're under age 75 at any time during the financial year, you may be able to bring forward the next two years of permitted annual contributions (the Bring Forward Rule). This effectively allows you to contribute up to three times the annual non-concessional contributions cap at once, or at any time during the three financial years. Conditions apply.

Read our *Reference Guide: Contributing to your super* for more on what counts towards your total super balance or bring-forward rules.

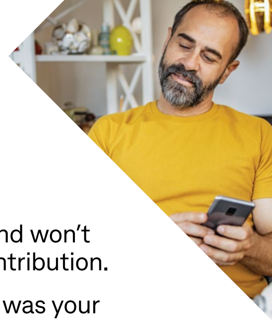
Contributions	Tax applied
Up to the non-concessional contributions cap	No tax applies.
Excess non-concessional contributions above the cap	You can elect to withdraw any excess contributions and 85% of their associated earnings from your account. Earnings are calculated by the ATO using a deemed rate and are included in your assessable income and taxed at your marginal tax rate, with an entitlement to a non-refundable tax offset of 15%. Excess contributions retained in the fund must be included in your assessable income and are taxed at the top marginal tax rate plus Medicare and other applicable levies. You must elect a super account to withdraw the excess non-concessional contributions tax.

Other contributions or transfers

No tax applies to a super co-contribution, low income superannuation tax offset or downsizer contribution paid to your Accumulate Plus account.

There's also no tax payable when super is transferred between super accounts or funds, unless it has an untaxed element[1]. The tax-free and taxable components of your account continue to apply if you transfer to another account or fund.

1 If your super has an untaxed element, tax may apply – for more information, visit the ATO website, www.ato.gov.au (search for 'rollovers').



Spouse contribution tax offset

If you make a spouse contribution to a super fund on behalf of your spouse, you may be entitled to claim a tax offset if all of the following conditions apply:

- Your spouse's total assessable income plus reportable fringe benefits and reportable employer super contributions is less than $40,000.
- The contribution is a non-concessional contribution on behalf of your spouse, which must be preserved under super law.
- Your spouse did not have non-concessional contributions totalling more than their non-concessional contributions cap or if at the end of the previous financial year, their total superannuation balance was below the general transfer balance cap (which was $1.7 million for FY2022-2023, then $1.9 million for FY 2023-2024).
- You, as the contributing spouse, haven't and won't claim a tax deduction in relation to the contribution.

When you made the contribution the person was your spouse, you and your spouse weren't living separately and apart on a permanent basis and both you and your spouse are Australian residents.

Changes to the work test requirements for superannuation contributions

From 1 July 2022, members under 75 years of age may make or receive non-concessional contributions and salary sacrificed contributions without meeting the work test. They may also be able use the 'Bring Forward Rule'. However, those aged 67 to 74 will need to meet the work test if they wish to claim a personal superannuation deduction for their contribution. Existing contribution cap limits still apply.

Read our *Reference Guide: Contributing to your super* for more on spouse contribution eligibility.

Tax on investment returns for Accumulate Plus or Retirement Access

Investment returns for Accumulate Plus and Retirement Access Transition to Retirement Income Stream (TRIS) accounts are taxed up to 15%. This tax is not deducted directly from your account balance but instead it's deducted from the overall market value of assets of the investment option before unit prices are calculated. In other words, the tax reduces the investment return that applies to your account.

Read our *Reference Guide: Investments* for more on how tax is deducted from returns through unit pricing.

Investment returns for Retirement Access Account-Based Pensions are not taxed.

Tax on Account-Based Pension notional earnings above the transfer balance cap

A Retirement Access Account-Based Pension balance is subject to the transfer balance cap. The general transfer balance cap was $1.6 million between 1 July 2017 and 30 June 2021, which increased to $1.7 million between 1 July 2021 and 30 June 2023. It has increased to $1.9 million from 1 July 2023

However, the cap that applies to you may be different depending on when and if you commenced your first retirement-phase pension. The ATO will determine if your transfer balance exceeds your personal transfer balance cap. If this occurs they will advise you of an amount that you need to commute or transfer out of the retirement pension phase. This includes the excess amount of your balance above the cap, plus a notional earnings amount.

Notional earnings are calculated on the excess amount at the ATO's General Interest Charge (GIC) rate, compounded daily until the excess amount is commuted or transferred. As a guide, the GIC annual rate is 10.46% pa for the quarter April – June 2023. The GIC rate is updated quarterly.

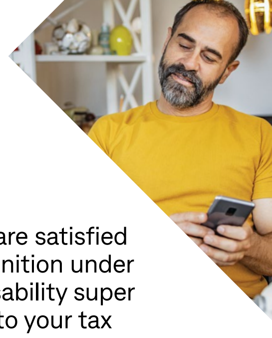
In addition to removing the excess amount and notional earnings from your account, you may be required to pay tax on the notional earnings. The tax rate is 15% for the first assessment and 30% for subsequent assessments.

Read our *Member Guide (PDS) for Retirement Access* for more on the transfer balance cap.

Tax on lump sum withdrawals from Accumulate Plus or Retirement Access

Depending on your age, tax may be payable on any super that you withdraw as a cash lump sum from your Accumulate Plus or Retirement Access account. A lump sum withdrawal from a pension or income stream, such as Retirement Access, is also known as a commutation.

Lump sum withdrawals or commutations must be withdrawn proportionally from the tax-free and taxable components of your super; you can't choose to withdraw solely from the tax-free component.



	Tax-free component	Taxable component
Aged 60 or over	No tax is payable.	No tax is payable.
Preservation age[2] to age 59	No tax is payable	No tax is payable on amounts up to the lifetime low rate threshold[3], which is $235,000 for FY 2023-24. The amount over the low rate threshold is taxed at 17%.
Under preservation age[3]	No tax is payable.	Whole component is taxed at 22%.

All tax rates include 2% Medicare levy and assume that a valid TFN has been provided. If your marginal tax rate is lower than the applicable tax rate in the table above, you may be entitled to a tax offset.

We deduct any applicable Pay As You Go (PAYG) Withholding tax on your lump sum commutation and remit it to the ATO.

Example: You've satisfied a condition of release to access your super. During FY 2023-24 you withdraw a cash lump sum commutation of $400,000 and your super benefits have a tax-free component of $120,000 and a taxable component (taxed element) of $280,000.

- If you're aged 60 or over when you withdraw the benefit, no tax applies on the total lump sum amount of $400,000.
- If you're aged between your preservation age and 59, you pay no tax on the tax-free component ($120,000) or the first $235,000 of the taxable component. Tax on the remaining taxable component is calculated as 17% x ($280,000 – $235,000) = $7,650.
- If you're under your preservation age, you pay tax at 22% on the whole taxable component, i.e. 22% x $280,000, or $61,600.

Tax on super withdrawn under permanent incapacity conditions

You may meet the criteria for permanent incapacity under super laws. If so, and you are eligible for a disability super benefit (as defined below), part of your normal taxable component may be recalculated to form part of your tax-free component.

A disability super benefit is defined by taxation laws as a benefit paid to you because you suffer from ill health (whether physical or mental) and two legally qualified medical practitioners have certified that, because of the ill-health, it's unlikely that you can ever be gainfully employed in a capacity for which you're reasonably qualified because of education, experience or training. Gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

If, based on medical and other evidence, we are satisfied that you meet the permanent incapacity definition under super laws and you meet the criteria for a disability super benefit under taxation laws, the adjustment to your tax components is calculated based on your service period and the amount of your benefit. Your adjusted taxable component is then taxed at the applicable lump sum commutation rates above.

This definition of permanent incapacity under super laws is different to the definition of total and permanent disablement that may apply for the purposes of insurance. The insurer will assess eligibility for an insurance benefit, if applicable.

Tax on super withdrawn under terminal medical conditions

You may be eligible to withdraw your super in cash because you've satisfied the condition of release of having a terminal medical condition. If this is the case, then the whole amount of the lump sum is tax-free when paid to you.

A terminal medical condition is defined by super laws as meaning:

- two registered medical practitioners have certified that you suffer from an illness or injury that's likely to result in your death within 24 months from the date of the certification, and
- at least one of the registered medical practitioners is a specialist practising in an area related to your illness or injury, and
- for each of the certifications, the certification period hasn't expired.

This definition may be different to the definition of terminal illness that may apply for the purposes of the insurer assessing eligibility for an insurance benefit, if applicable.

Tax for temporary residents

Tax may apply if you are or were a temporary resident and apply for a Departing Australia Superannuation Payment (DASP).

From 1 July 2017, if your DASP includes any super contributions made while you were a working holiday maker (WHM), the whole taxable component of your DASP is taxed at 65%. If your DASP doesn't include any contributions in relation to a WHM or you've never held a WHM visa, the taxable component is taxed at 35% for the taxed element and 45% for the untaxed element.

Read our *Reference Guide: Withdrawing your super* for more on temporary resident benefits.

[2] If born before 1 July 1960, your preservation age is 55. If born from 1 July 1960 to 30 June 1964, your preservation age is between 56 and 59 depending on your actual year of birth. If born on or after 1 July 1964, your preservation age is 60. Read our Reference Guide: Withdrawing your super for more on preservation age.

[3] The low rate threshold amount is a lifetime threshold that applies to all of your lump sum commutation payments from your super. The amount is indexed to Average Weekly Ordinary Time Earnings (AWOTE) in $5,000 increments (rounded down).

Tax on pension payments from Retirement Access

	Tax-free component	Taxable component
Age 60 or over	No tax is payable.	No tax is payable.
Under age 60	No tax is payable.	Pay As You Go (PAYG) Withholding tax is payable – the amount withheld depends on whether or not we hold your TFN. If you've reached your preservation age[4] but haven't yet turned 60, or if your pension qualifies as a disability or death benefit pension, you're entitled to a tax offset of 15% of your assessable pension income, which is your annual pension payment amount less your tax-free pension amount.

Example: You're aged 58 and your preservation age is 57. Your annual pension amount is $23,000, made up of a tax-free component of $1,500 and a taxable component of $21,500. PAYG Withholding tax is payable on the whole taxable component but you'd also be eligible for a tax offset of $3,225, calculated as 15% x ($23,000 – $1,500).

Tax on death benefits

A death benefit from Accumulate Plus or Retirement Access is paid as a lump sum and may be taxed depending on whether it is paid to a dependant or non-dependant as defined by tax laws.

The definition of 'dependant' under tax laws and super laws may be different; not everyone who is a valid dependant in order to receive a death benefit is considered a tax dependant. When considering the tax implications of a death benefit, you should consider the definition that applies under tax laws.

Under tax laws, a person is your dependant if at the time of your death they are:

- your current or former spouse, including a de facto spouse (whether of the same or opposite sex)
- your child under 18 years old, or your child over age 18 providing they are financially dependent on you
- any other person with whom you had an interdependency relationship
- any other person who was your dependant, which ordinarily means someone who was financially dependent on you.

If paid to a...	Tax-free component	Taxable component
Tax dependant	No tax is payable.	No tax is payable.
Tax non-dependant	No tax is payable.	Taxable component (taxed element) is taxed at 17%.

All tax rates include 2% Medicare levy and assume a valid TFN has been provided. If the recipient's marginal tax rate is lower than the applicable tax rate in the table above, they may be entitled to receive a tax offset.

Read page 5 for more on how tax applies to super released under terminal medical conditions.

[4] If born before 1 July 1960, your preservation age is 55. If born from 1 July 1960 to 30 June 1964, your preservation age is between 56 and 59 depending on your actual year of birth. If born on or after 1 July 1964, your preservation age is 60. Read our Reference Guide: Withdrawing your super for more on preservation age.

Tax on KiwiSaver transfers

Transfers from a participating Australian super fund are not taxed when you transfer them to a New Zealand KiwiSaver scheme. Your super benefits are tax-free when withdrawn from your KiwiSaver scheme once you're legally allowed to access them.

Superannuation surcharge tax

Superannuation surcharge was a tax on surchargeable contributions that were accrued by higher income earners after 20 August 1996. This tax was abolished from 1 July 2005. However, the ATO can make surcharge assessments or amended surcharge assessments after 1 July 2005 for surchargeable contributions made in previous years. If you have a surcharge liability, you do not need to take any action. We must debit your liability amount from your account and pay it to the ATO on your behalf.