

how super works

19 April 2025

The information in this document forms part of the following Product Disclosure Statements:

- HESTA Product Disclosure Statement issued 19 April 2025
- HESTA Personal Super Product Disclosure Statement issued 19 April 2025
- HESTA Corporate Super Product Disclosure Statement issued 19 April 2025

Important

The information in this document relates to *How super works* in the 2024/25 financial year. The rules around super are constantly changing, including many rules that are subject to indexation each year. Go to ato.gov.au/super to stay up to date on changes to super. The information in this document is current at the date of the Product Disclosure Statement (PDS).

Easy ways to grow your super

Building up your super now can help you achieve the retirement you want. These are some of the ways you can grow your super. Consider seeking financial advice to see whether these options are right for you.

Your employer's compulsory contributions on your behalf

Generally, your employer is required under Superannuation Guarantee (SG) legislation to contribute a minimum amount of your ordinary time earnings into a super account, for more details visit ato.gov.au/super

Your employer's contribution may also depend on your award or workplace agreement. Your employer is required to pay this amount into your super account at least quarterly. It is in addition to your salary.

People can generally choose which super fund they'd like their super paid into. If you don't choose a super fund, your employer must pay into your existing super fund or if you don't have one, then the employer's default fund. If you want to choose HESTA, give your employer a completed *choice of super fund request* form, found in the HESTA PDS at hesta.com.au/pds or hesta.com.au/forms

You can check how much your employer pays into your HESTA account on your annual statement or log in to your online account at

hesta.com.au/login

After-tax contributions

It's easy to make contributions to your HESTA super account from any after-tax income or savings you have. You can make after-tax contributions in your online account by visiting hesta.com.au/login In your online account, you can:

- make payments in the *Extra contributions* section; and
- get your BPAY[®] details to make a one-off payment or set up regular contributions from your bank account.

You may be able to make payroll deductions from your after-tax pay - check with your employer first.

Each year you can generally contribute up to \$120,000 of after-tax earnings to your super. Eligible individuals may 'bring forward' some future years contributions cap and make a larger contribution. Eligibility to 'bring forward' will depend on your age and total super balance. Go to ato.gov.au/super to see if you're eligible. If you have a myGov account, you can see what you can contribute in relation to caps by visiting my.gov.au

If your total super balance (across all your super funds) is \$1.9m or more at the end of the previous financial year, your non-concessional contribution cap for the current financial year is nil (\$0). You should seek financial advice before you contribute any after-tax earnings to your super as there may be tax consequences. To understand how after-tax contributions, otherwise known as non-concessional contributions, are taxed go to hesta.com.au/pds and see *How super is taxed* for more information.

Remember: you must have supplied your tax file number (TFN) to enable us to accept your after-tax contributions.

You can supply your TFN to us when you join or online at hesta.com.au/login or call 1800 813 327.

- ❗ To see how making after-tax contributions could work for you, check out the contributions calculator at hesta.com.au/calculator. If you are already a HESTA member, log into your account at hesta.com.au/login to discover our Future Planner tool.

Downsizer contributions

If you are age 55 years or older, you may be eligible to contribute up to \$300,000 from the sale of your home. This contribution, known as a downsizer contribution must be made within 90 days of receiving the proceeds of a sale. Downsizer contributions don't count towards your contribution caps and won't affect your total superannuation balance until it is re-calculated at the end of the financial year. Downsizer contributions will count towards your transfer balance cap which applies when you move your super savings into retirement phase and is considered for determining eligibility for the age pension. To make a downsizer contribution, the Australian Tax Office (ATO) approved form must be received by HESTA before or at the same time the proceeds are deposited into your super account. Your contribution cannot be treated as a downsizer benefit if HESTA does not receive your completed ATO form within 90 days. For more information including other eligibility criteria and to download the form, visit ato.gov.au/super

First Home Super Saver Scheme (FHSS Scheme)

Voluntary before-tax and after-tax contributions made from 1 July 2017 may be withdrawn for the purpose of purchasing a first home subject to eligibility. You can withdraw up to \$15,000 of your voluntary contributions from any one financial year, up to a total of \$50,000 across multiple years, plus associated earnings calculated by the ATO. Having amounts released does not affect the calculation of your contributions for contributions cap purposes. Your contributions still count towards your contribution caps for the year they were originally made. To find out if you are eligible and to request the release of voluntary contributions visit ato.gov.au/Individuals/Super/Withdrawing-and-using-your-super/First-Home-Super-Saver-Scheme

Government co-contribution

The Federal Government's super co-contribution scheme is designed to help eligible people boost their retirement savings.

For every (after-tax) dollar eligible members make to super, the government will contribute up to an extra 50 cents.

The maximum co-contribution that the government will make is \$500 for a financial year, and is available for individuals with a total income of up to \$45,400. The co-contribution reduces by 3.3 cents for each dollar of total income over \$45,400 and cuts out at \$60,400.

Total income includes assessable income plus reportable fringe benefits and salary sacrifice to super. For more information, visit hesta.com.au/cocontribution

Salary sacrifice

You and your employer may agree to increase before-tax super contributions to your account, reducing your salary by a nominated amount. This means the sacrificed amount is taxed as a concessional contribution rather than income. The annual concessional contribution limit is \$30,000 for 2024/25. If eligible, you may be able to carry forward unused cap amounts from previous years. The concessional contribution limits in previous financial years may differ and you will need to check these caps if you would like to carry forward unused amounts.

To understand how concessional contributions are taxed go to hesta.com.au/pds and see *How super is taxed* for more information.

To see the difference that salary sacrifice contributions could make, try the contributions calculator at hesta.com.au/calculator. Consider seeking financial advice to see whether salary sacrifice is right for you.

Personal tax-deductible contributions

If you are under age 75, you may be able to claim a tax deduction on personal contributions made to your HESTA account - for example, you are self-employed or your employer will not salary sacrifice on your behalf.

Eligible members intending to claim a tax deduction for their personal contributions must lodge an ATO *Notice of intent to claim or vary a deduction for personal super contributions form* (NAT 71121) with us. You must lodge the form with us before the end of the day that you lodge your tax return for the financial year in which the personal contributions were made, or before the end of the financial year following the year in which the contribution was made (whichever is earlier). We cannot accept the form in certain circumstances, including if you have withdrawn or rolled over the contributions or if HESTA has started paying an income stream using any of the contribution. To claim a tax deduction you must receive an acknowledgment of our receipt of a valid form.

For more information and to download the form, visit ato.gov.au/super

Catch-up contributions

You may make additional concessional (before-tax) contributions in a financial year if you have unused before-tax contribution cap amounts from up to five previous financial years and if your total super balance is less than \$500,000 at the end of 30 June of the previous financial year. Unused cap amounts may only accrue from the 2018-19 financial year onwards. This means unused cap amounts before 1 July 2018 are not included.

The work test

If you are aged 67-74, to make personal deductible contributions, you must have worked a minimum of 40 hours in any 30 consecutive day period in the financial year the contributions are made. This is called the work test. A work test exemption applies if you had been gainfully employed on at least a part time basis in the

previous financial year to the one the contributions are made, have a total super balance of less than \$300,000 and have not used the work test exemption in a previous financial year.

If you are aged under 75, you can make or receive personal contributions (non-concessional) and salary sacrificed superannuation contributions (within your existing contribution cap limits) without needing to meet a work test. You may also be able to use the bring forward rule.

Combining multiple super accounts

Combining all your super into one account (called a rollover) can mean more money goes towards your savings – not to extra fees!

By rolling over your super accounts into your HESTA account, you may avoid paying duplicate sets of fees. Combine your other super into your HESTA account at hesta.com.au/login or use the form in the PDS. As soon as we receive your form, we'll contact your other fund to arrange the transfer.

You can also combine your super over the phone. We make sure that the rollover is authorised only by you, so we will ask you to verify your identity before arranging the transfer with your other fund. Any impact on your benefit caused by technology failure or dishonest conduct in handling your rollover will be compensated by us to the extent of making whole the amount of the transaction. However, if you have contributed towards unauthorised access to your information in arranging the transfer, this may limit our liability.

HESTA does not charge a fee to roll other super into your HESTA account.

Before you combine your super: check the total fees payable and any benefits you may lose by rolling over, including any earnings differences between the two funds and insurance held through your other fund. Think about getting financial advice to compare the benefits and costs of funds and what impact combining will have on your balance. Transferring

insurance cover from another fund to HESTA is subject to approval. Remember, you may have insurance through HESTA. Log in to your account at hesta.com.au/login to check.

Any claim for a tax deduction on personal contributions to your other fund, or splitting of your contributions to your spouse's super, can only be made before you close that account.

Contribution splitting

Splitting your super with your spouse means you can both have super to draw on when you retire. It allows non-working or low-income spouses to build up their own super.

The maximum splittable amount for any financial year is the lesser of 85% of concessional (before-tax) contributions for that financial year and/or the before-tax contributions cap for that financial year. You cannot split after-tax and government co-contributions made to a super fund. You also cannot split contributions if you have withdrawn your super from your HESTA super account.

You must lodge your completed application with HESTA by 30 June in the financial year:

- immediately after the financial year in which the contributions were made
- the contributions were made, only if your entire benefit is being withdrawn before the end of that financial year as a:
 - rollover
 - transfer
 - lump-sum benefit
 - combination of these.

To apply to split contributions with your spouse, complete the ATO *Superannuation contributions splitting application form* (NAT 15237).

We do not charge fees for a contribution split. Your spouse should check with their fund they can receive your HESTA contribution split. For more information, visit hesta.com.au/super-splitting

What contributions can your HESTA Super account accept?	Years		
	Under 60	61 – 74	75+
Superannuation Guarantee (employer)	Yes	Yes	Yes
Award employer ¹	Yes	Yes	Yes
Employer optional ²	Yes	Yes	No ³
Salary sacrifice	Yes	Yes	No ³
Personal after-tax ⁴	Yes	Yes	No ³
Personal tax-deductible ⁴	Yes	Yes	No ³
Spouse contributions	Yes ⁴	Yes ⁴	No ³
Split contribution	Yes ⁵	No	No
Rollover	Yes	Yes	Yes
Downsizer contribution	From age 55 ⁶	Yes ⁶	Yes ⁶

1 Award employer contributions are those mandated under an award, Enterprise Agreement (EA) or workplace agreement.

2 Employer optional contributions are where the employer contributes additional amounts not required for the Superannuation Guarantee, award or salary sacrifice requirements.

3 Contributions can be accepted up to 28 days from the end of the month in which you turned age 75.

4 We can only accept the contribution if your TFN has been provided within 30 days of the contribution being received, or it will be refunded.

5 The recipient of the contribution must not be permanently retired.

6 Subject to eligibility. Visit ato.gov.au/Individuals/Super/Growing-your-super/Adding-to-your-super/Downsizing-contributions-into-superannuation

Spouse contributions

Making contributions into a super account on your spouse's behalf can help you share more in retirement.

A tax offset is available for people who make super contributions on behalf of a low-income or non-working spouse (including a de facto spouse of the same or different sex). The maximum offset is 18% of the first \$3,000 of contributions per year, which means the maximum offset available is \$540. A member's spouse must have a total income of less than \$40,000 per year for the member to qualify for the maximum offset. The offset limit reduces by \$1 for every \$1 of total income over \$37,000 and cuts out at \$40,000.

For more information, download a copy of the *Spouse contribution form* at hesta.com.au/forms

Other contributions

Other types of payments that can be contributed to your HESTA account include:

- some Employment Termination Payments
- some proceeds from the disposal of qualifying small business assets
- proceeds of some compensation payments for a permanently disabling personal injury.

The rules applicable to these contributions are complex. If you are considering making these types of contributions, we recommend you seek expert advice.

When can you access your super?

Your super is designed to help support you financially when you retire, so the government has placed restrictions on when you can access your benefit. These are called 'preservation rules' and mean your benefit may consist of preserved and non-preserved amounts.

Preserved amounts

By law all contributions to members' accounts and investment earnings accruing after 1 July 1999 are preserved until you meet a condition of release.

Conditions of release

All or part of your preserved amount may generally only be paid out if you meet at least one of these conditions:

- you permanently retire or commence a transition to retirement income stream on or after age 60
- after reaching age 60, an employment arrangement ceases
- you reach age 65
- you become permanently or temporarily incapacitated
- you have a terminal medical condition
- you die
- you are taking part in the FHSS Scheme
- you qualify for release of your super on compassionate grounds. You can apply to the ATO as the ATO decides whether or not to allow you to withdraw your super on compassionate grounds.
- you are experiencing severe financial hardship. In this case, you can apply to withdraw some of your super by submitting a withdrawal request directly through member online.
- you change jobs and your account balance is \$200 or less, or you are a 'lost member' who is found and

you have less than \$200 in your account on its release

- it's necessary to enable a payment under a release authority in accordance with taxation law (including for the FHSS scheme, compassionate grounds, and excess contributions tax).

Temporary residents are treated differently under the super rules in terms of accessing super benefits early. If you are a departing temporary resident seeking access to super benefits contact the ATO to check how the rules apply to your circumstances.

Non-preserved amounts

Restricted non-preserved amounts may generally only be paid out if:

- you meet one of the conditions of release for preserved amounts, or
- you are no longer employed by a contributing employer.

Unrestricted non-preserved amounts may generally be paid out at any time.

What can I do at preservation age?

When you reach preservation age you may be able to withdraw your super as a lump sum if permanently retired, or transfer your super to an income stream, even if you're not permanently retired.

Designed to provide a regular income (instead of a lump sum), transition to retirement income streams enable people who are semi-retired to work part time while using some of their super to supplement their income.

Partial benefits

If you make a partial withdrawal or transfer part of your account to another fund, you must keep at least \$6,000 in your account.

Temporary residents

We are required to transfer to the Australian Taxation Office (ATO) any super held for a temporary resident who has left Australia for more than six months and whose visa has expired or been cancelled. This may affect your super if you are not a permanent resident or citizen of Australia or a citizen of New Zealand.

In accordance with relief provided by the Australian Securities and Investments Commission (ASIC), we will not provide an exit statement. However, you can contact us to receive information about the transfer that will enable you to apply to the ATO to claim your benefit. For more information about unclaimed benefits, contact the ATO on 13 10 20.

Where can I find other information?

If you would like more information about super, visit hesta.com.au/pds and read the following:

- *Risks of super*
- *Investment choices*
- *Fees and costs*
- *How super is taxed*
- *Insurance options*
- *How to make a complaint*
- *Insurance guide for Corporate Super*

What happens to your super if...

You retire

Your super (less any taxes or other costs that may apply) may be paid as a lump sum or income stream when you reach your preservation age. There is a lifetime limit on the total amount of super that can be converted to retirement phase income streams. The limit will be between \$1.6 million and \$1.9 million depending on your circumstances.

Please refer to the HESTA Income Stream PDS for further information at hesta.com.au/ispds

You die

We have a legal responsibility to make sure your super goes to your dependants or your legal personal representative.

Your dependants include:

- your spouse (which includes another person, whether of the same sex or a different sex, with whom you are in a relationship that is registered under a law of a state or territory, or a person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple)
- your child (which includes an adopted child, a step-child, an ex-nuptial child, a child of your spouse or someone who is your child within the meaning of the Family Law Act 1975)
- a person who is wholly or partially financially dependent on you
- a person with whom you have an interdependency relationship.

An interdependency relationship is defined as:

- a close personal relationship between two people who live together, where one or each provides the other with financial support, and one or each provides the other with domestic support and personal care, or
- a close personal relationship that does not satisfy the other criteria because one or both people suffer from a physical, intellectual or psychiatric disability.

Government regulations require that the Trustee takes into account the following criteria when assessing interdependency:

- a) all of the circumstances of the relationship between the persons, including (where relevant):
 - i) the duration of the relationship
 - ii) whether or not a sexual relationship exists
 - iii) the ownership, use and acquisition of property
 - iv) the degree of mutual commitment to a shared life
 - v) the care and support of children
 - vi) the reputation and public aspects of the relationship
 - vii) the degree of emotional support
 - viii) the extent to which the relationship is one of mere convenience
 - ix) any evidence suggesting that the parties intend the relationship to be permanent
- b) the existence of a statutory declaration signed by one of the persons to the effect that the person is, or (in the case of a statutory declaration made after the end of the relationship) was, in an interdependency relationship with the other person.

Your legal personal representatives include:

- the executor of your will, or
- the administrator of your estate.

Your dependants or your legal personal representative can be paid all the money in your account plus any death benefit paid by HESTA's insurer, less any taxes or other costs that may apply.

When we receive formal notification, your accrued account balance will be transferred to the Cash and Term Deposits investment option. Any insured benefit paid into your account will also be invested in the Cash and Term Deposits investment option, and will remain invested there until the Trustee finalises payment of your death benefit.

Non-binding death benefit nominations

You can advise us of your non-binding beneficiaries (the people you would prefer to receive your death benefits) on your *New HESTA member* or *New HESTA Personal Super member application* form. You can update these in future using the *Change of member details* form, or by calling 1800 813 327 or through your online account at hesta.com.au/login HESTA Corporate Super members can also use the *Change of member details* form to update these details.

We have the final decision on who receives your benefits, but will consider your non-binding beneficiaries.

It's a good idea to keep information about your non-binding beneficiaries up to date. This is important even if you have no dependants.

Binding death benefit nominations

To provide greater certainty about who receives your benefit when you die, you can make a binding death benefit nomination which binds the Trustee of HESTA to pay the person(s) you choose (providing you are still a member of HESTA when you die).

The person(s) nominated must be your dependant or your legal personal representative as defined under the 'What happens to your super if you die' section on the previous page.

If a nominated beneficiary is not alive at the time of your death, or is not a dependant or legal personal representative, the Trustee will determine to whom the benefit is paid.

To make a binding death nomination you must complete a *Binding death benefit nomination* form available at hesta.com.au/bdn

The Trustee will advise in writing if your binding death nomination is valid and has been accepted unless revoked. The eligibility of the nominated beneficiaries will also be reviewed at the time of claim. A valid binding death nomination is effective for three years. For more information visit hesta.com.au or call 1800 813 327.

Where you suffer disability

If you have insurance through your HESTA account, you may be eligible to receive a regular income or lump-sum insurance benefit in the event of disability. Read *Insurance options* or the *HESTA Corporate Super insurance guide* at hesta.com.au/pds for details. Your account balance may also be paid if you are permanently incapacitated or you have a terminal medical condition.

You want to stay with HESTA when you retire

We can continue to look after your super when you retire with the following flexible options:

- leave your money in your current HESTA super account, which gives you ongoing access to competitive fees, insurance cover and investment options and access to your money when you need it (subject to conditions)
- transfer your super to the HESTA Retirement Income Stream. This provides a regular income stream from your super with the added bonus of tax-free investment earnings.

For more information visit hesta.com.au/incomestream

contact us

hesta@hesta.com.au | 1800 813 327 | Locked Bag 35007 Collins St West VIC 8007 | hesta.com.au

Issued on 19 April 2025 by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL 235249, the Trustee of HESTA ABN 64 971 749 321. To access the other parts of the relevant Product Disclosure Statement (PDS) visit hesta.com.au/pds, or call 1800 813 327. This information is of a general nature. It does not take into account your objectives, financial situation or specific needs so you should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this. Before making a decision about HESTA products you should read the relevant PDS, Target Market Determination (TMD) and consider any relevant risks (hesta.com.au/understandingrisk) Information in this document may change from time to time and may not be up-to-date at the time you receive the PDS. Information changes that are not materially adverse may be updated on our website hesta.com.au An electronic or paper copy of the updated information will be made available to you upon request, without charge, by calling 1800 813 327.