It’s easy to set up your super

We know there is a lot to think about when it comes to contracting. That’s why we’ve made super as simple as possible.

HESTA Personal Super is our super product designed to meet the needs of contractors and the self-employed.

It’s easy to set up your own super account and start making contributions.

By contributing to your super you may also be eligible for tax deductions or money from the government in the form of a super co-contribution (see page 2).

If you have to pay your own super, it’s also important to consider this cost when deciding what to charge for your services.

We’re here to help

As a HESTA member you can also receive personal advice about your super at no extra cost. This includes advice on your contribution and investment strategy, insurance and super regulations and rules.

Go to hesta.com.au/advice to make an appointment with one of our Superannuation Advisers.

Get started early to grow your super

While your retirement can seem a long way away, it’s important to not put off building your super.

Every little bit you put into your super now is invested and, over time, can really grow your savings.

Contributing regularly and choosing a super fund like HESTA, with strong long-term performance and low fees, will make a big difference to the amount you end up with at retirement.

Great extra benefits for members

HESTA Personal Super members can access a range of other great benefits, including affordable financial advice and low cost comprehensive insurance cover.

For example, our default insurance cover provides income protection right up to age 67. This means that if you’re unable to work due to illness or injury, you could receive a regular income payment if you meet certain eligibility requirements. See Insurance Options for more information.

Profit for members

As an industry fund we’re here solely to benefit members — not profit from them. All benefits go back to members not shareholders. So, we keep fees as low as possible so more money stays in your account working hard for you.

Know your super rights

While you may be contracting, this doesn’t mean that you are not eligible to receive super from the individuals or organisations that hire you.

Hirers must pay super contributions for independent contractors if they:

• are paid wholly or principally for their personal labour and skills
• perform the contract work personally, and
• are paid for hours worked rather than to achieve a result.

Even if you quote an Australian Business Number (ABN) and view yourself as sole trader, you may, in fact, be an employee of the person that is paying you.

If you meet the above criteria, and they pay you more than $450 in a calendar month, they’re your employer and must pay super on your behalf. This is the Superannuation Guarantee (SG) and it’s currently 9.50% of the value of your ‘ordinary time earnings’. Your employer must pay this money into the super fund of your choice.

It’s your money, so it’s important to make sure that your employer is meeting their legal super obligations.

Contracting and contributing to your super

Contributing to your super doesn’t mean that you’re just sacrificing money in your pay now for a far-off retirement.

While it’s prudent to have a long-term plan when it comes to your financial future, there may also be considerable tax advantages to contributing to your super.
Don’t miss out on tax savings
If you contract as a sole trader, there is no legal requirement to contribute to your super. However, you may be able to claim a deduction for your personal contributions made to a superannuation fund.
You are eligible to claim a deduction if:
• you make personal contributions to a complying super fund like HESTA
• your earnings as an employee were below certain thresholds (see more below)
• you’re under 75 years of age
• you have notified your super fund of the amount you want to claim as a deduction
• your super fund acknowledges that you intend to claim a deduction.

A gift from the government
As a contractor you may be eligible to claim up to $500 in money from the Federal Government as part of its super co-contribution scheme.
For every (after-tax) dollar eligible members contribute to their super, the government will contribute an extra 50 cents.
The maximum co-contribution that the government will make is $500.

Your eligibility for and how much government co-contribution you receive will depend on how much you contribute and what your income is. Go to the ATO website for up to date information on the income thresholds for co-contributions.
You can only receive a super co-contribution on personal super contributions you have not claimed a tax deduction for.

Tip: You can choose to claim a tax deduction for a portion of your personal contributions. The remainder may then be eligible for the super co-contribution. We can help you work out what contribution strategy is right for you. Go to hesta.com.au/advice to find out more.

What next?
To find out more about HESTA Personal Super download the Product Disclosure Statement (PDS) at hesta.com.au/pds
It’s got lots of helpful information about our high performing investment options, low fees and comprehensive insurance. The PDS also contains all the information and forms you will need to become a HESTA member.

Find out more
Want to know more about super and how to plan for a better lifestyle in retirement?
The Government’s MoneySmart website has lots of handy information about super; including a retirement planner that helps you work out what your income might be in retirement.
It’s never too late or too early to start getting a plan in place so you can enjoy a better lifestyle when you eventually stop working.

Can I claim a tax deduction if I earn money as an employee as well?
You can claim a deduction if you obtained less than 10% of the following as an employee:
• assessable income
• reportable fringe benefits
• your total super contributions.
To find out more visit the Australian Taxation Office’s (ATO) website.

Tip: The contributions you claim a tax deduction for are considered concessional contributions. This means they are taxed at 15% within the fund. There are limits to how much you can make in concessional contributions each year. Visit the ATO’s website for more information.

Contracting through your own company and super
If you’re contracting through your own Pty Ltd company, and you’re a director, then you’ll have to contribute to your own super. Failure to make super contributions could mean you pay the 5G charge (a tax penalty) if you don’t pay enough or miss a payment date.