

# super for the self-employed

## Why HESTA?

### Strong long-term returns

Our *MySuper* investment option, Balanced Growth, has delivered an average annualised return of 8.87% p.a. over 10 years<sup>^</sup> to our members.

### Profit to members

We're the industry super fund dedicated to Australia's health and community services sector.

### Insurance

With HESTA you'll have access to affordable cover that protects you and your family.

### Expert help

Get expert financial advice on your super, at no extra cost.

### Investing in today and tomorrow

We invest in the future. From health and aged care infrastructure to clean energy and affordable housing, your super will shape a better tomorrow.

### Support for parents

HESTA Industry Super and HESTA Personal Super members can get up to a 12-month break from paying insurance fees on parental leave – and stay protected 24/7.

### Gender equality

80% of HESTA members are women. We are committed to achieving workplace gender balance and addressing superannuation policies that continue to see women retire with around half the super of men.

## If you're a contractor, sole trader or self-employed, it's important to understand your super obligations and think about your financial future.

By contributing a small amount of your pay to super now, you could be a lot better off in retirement.

### What are my obligations?

In most cases, it's not compulsory for contractors, sole traders or the self-employed to pay themselves super.

However, depending on how your business is set up, there may be a legal requirement to pay yourself super.

### How does my business structure impact my super obligations?

If you're employed through your own 'Pty Ltd' company, and you're a director, you may be legally required to contribute to your super.

Failing to make super contributions could mean you have to pay the super guarantee charge (a tax penalty) if you don't pay enough or miss a payment date. Find out more about your super obligations at the ATO's website: [ato.gov.au](http://ato.gov.au)

### What are the benefits of paying myself super?

While super may not be number one on your 'to do' list, it's important to think about the type of lifestyle you want in retirement. Super plays a big role in building your finances so you can live comfortably after you finish work.

Some of the key benefits of super are:

- build wealth for your retirement
- save on tax
- access low-cost insurance
- get expert help and advice about your finances.

## Can I claim a tax deduction?

If you start paying yourself super you could be eligible for a tax deduction for your contributions. There are two types of contributions you can make: before tax and after tax.

**Before tax:** This is money you pay into your super from your before-tax income. In some cases, you can claim a tax deduction for the money you contribute to super before tax. Note there are limits on the amount of money you can contribute to your super before tax each year. Visit [hesta.com.au/contribute](https://hesta.com.au/contribute) to find out more.

**After tax:** This is money from your take-home pay or savings that you can contribute to super.

While after-tax contributions aren't automatically tax deductible, you may be 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.

## How do I claim a tax deduction?

You need to lodge a **'notice of intent to make a claim'** after you've made a contribution. This must be the earlier of; withdrawing any super from the fund; the end of the financial year following the contribution; or lodging your tax return for the financial year the contribution was made.

This notification is available from the **ATO website** and must be sent directly to your super fund.

Your super fund will return an acknowledgement of receipt. You can use this to claim a deduction on your tax return.

You can only claim a tax deduction after you've received this acknowledgement from your super fund.

## Can I receive super contributions from the companies that hire me?

While you may be contracting, this doesn't mean you're 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 you're paid more than \$450 in a calendar month, the employer must pay you super. This is the Superannuation Guarantee (SG) which is a minimum payment amount legislated by the government and it's currently 10%\* 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 your employer is meeting their legal super obligations.

## What's a government co-contribution? Am I eligible?

You may be eligible to get a super boost of up to \$500 from the Federal Government as part of its co-contribution scheme.

For the first \$1000 dollars of after-tax contributions eligible members contribute to their super, the government will contribute an additional 50%.

Your eligibility depends on how much you contribute and your income. Visit [ato.gov.au](https://ato.gov.au) 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.

## I have employees - do I need to pay them super?

Yes, if you have employees, you need to make sure you're paying them super. You need to do this in accordance with the SG.

Learn more about your responsibilities as an employer [hesta.com.au/employer-responsibilities](https://hesta.com.au/employer-responsibilities)

\*Superannuation Guarantee (SG) contributions of 10% are legislated to increase each year by 0.5% per annum until it reaches and stays at 12% from 1 July 2025 onwards.

^Annualised return as at 30 June 2021. Visit [hesta.com.au/performance](https://hesta.com.au/performance) for up to date performance information. Past performance is not a reliable indicator of future performance. The returns shown are net of investment fees, indirect costs and taxes.



### What next?

Super is easy  
with HESTA  
[hesta.com.au/join](https://hesta.com.au/join)



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