

Non-Concessional Contributions

A non-concessional Contribution (NCC) is a personal contribution made to a superannuation fund by an individual for their own benefit or for the benefit of their spouse or children under 18 years of age.

NCCs are generally made from after-tax income, from savings, and from the sale of other investments and assets. NCCs may also be made from inheritances, gifts, and windfalls.

Non-concessional contributions can be made up until the 28th day of the month following that in which they turned 75.

Where a tax deduction will be claimed for personal contributions, they are treated as a concessional contribution.

NCC Limits

The annual limit or 'cap' that applies to NCCs is \$130,000 per annum from 1 July 2026, however up to three years contributions may be made in a single year in certain circumstances.

A NCC can only be made for an individual where they have a 'total superannuation balance' of less than \$2.1 million (from 1 July 2026).

The total superannuation balance is the sum of all amounts a person has in superannuation at the previous 30 June. This includes amounts held in both accumulation accounts and accounts paying a pension or income stream. Where a person is a member of a defined benefit or constitutionally protected fund, special rules apply to determine their total superannuation balance.

Three-year bring forward rule

Provided a person is under the age of 75 at any time in a financial year in which they intend to make a NCC, they may be able to bring forward up to three years contributions. The three-year bring forward rule is triggered when NCCs in a financial year exceed \$130,000. When this occurs, the maximum that may then be contributed over the course of the next two financial years is \$390,000, less NCCs made in years 1 (and 2).

If triggered in a previous year, the remaining balance of the three-year cap may be contributed, subject to meeting the general rules relating to contributions, including having a total superannuation balance of less than \$2,100,000.

Where a person has a total superannuation balance of \$1,840,000 or more, the amount that can be contributed under the three-year bring forward rule is scaled back as shown in the following table:

Total superannuation balance	Maximum NCC
Less than \$1.84 million	\$130,000 + 2 years = \$390,000
\$1.84 million to less than \$1.97 million	\$130,000 + 1 year = \$260,000
\$1.97 million to less than \$2.1 million	\$130,000
\$2.1 million or more	\$0

Taxation of NCC's

When a NCC is made to a superannuation fund it is not taxable in the fund. 100% of the contribution, less any entry fee charged by the fund (if applicable) is invested for the benefit of the person from whom the contribution is made.

NCC form part of an individual's tax-free component within super. When the tax-free component is paid as either a lump sum or as an income stream, the benefit is tax-free in the hands of the recipient.

Investment earnings that accrue on the tax-free component of a benefit are added to the taxable component where the fund is in the accumulation phase and is apportioned between an individual's taxable and tax-free components when the fund is paying an income stream.

Exceeding the NCC cap

If NCCs exceed the allowable cap, the Australian Taxation Office will issue an excess NCC determination. Provided an election is made to withdraw the excess NCCs together with associated earnings, which are taxed at an individual's marginal tax rate, no other penalty is applied. A 15% tax offset is provided to compensate for the tax paid by the superannuation fund on the associated earnings.

You generally have 60 days from receiving an excess non-concessional contributions determination to make an election. If an election is not made within this period, the Australian Taxation Office will generally arrange for the excess contributions and 85% of the associated earnings to be released. The associated earnings are included in the individual's assessable income and taxed at their marginal tax rate, with a non-refundable tax offset equal to 15% of the associated earnings. If the individual elects to retain the excess contributions in superannuation, the excess is taxed at the highest marginal tax rate plus the Medicare levy, currently 47%. Different treatment may apply where the individual's only superannuation interest is in a defined benefit fund.

Benefits of NCC's

Making NCCs to superannuation can assist increasing retirement savings and by adding a member's tax-free component.

This may result in a member receiving tax-free lump sum and income stream benefits from their fund. Where member of a superannuation passes away, the tax-free portion of their accumulated savings is tax-free when paid to their legal personal representative (i.e. their Estate) or directly to other beneficiaries.

People making NCCs may be eligible to receive a Government co-contribution and/or the spouse contribution tax offset.