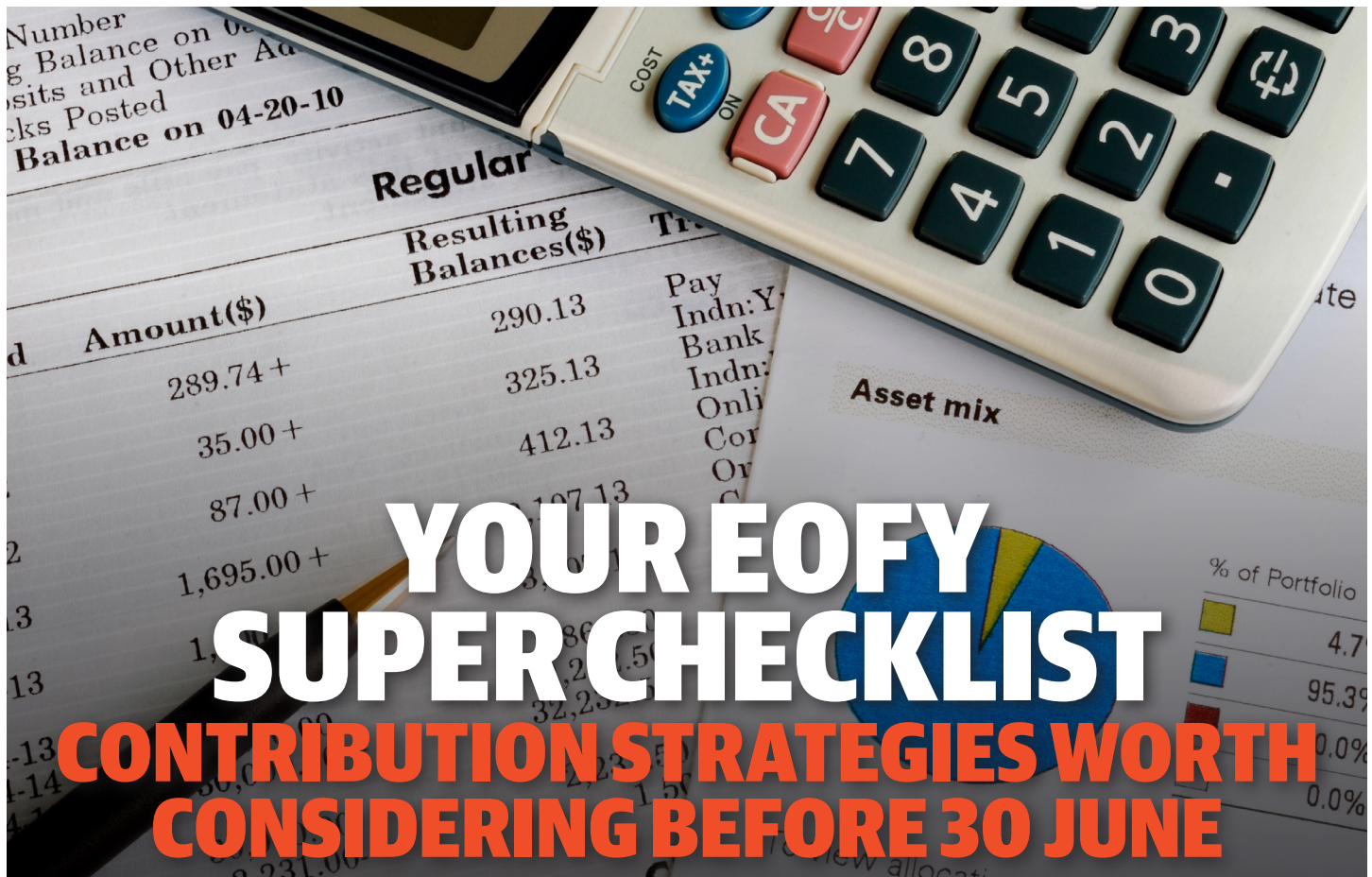




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BY WEALTH ADVISER

There is a quiet window each year – roughly March to June – when a few deliberate decisions about superannuation can make a material difference to your long-term wealth. Not dramatic, portfolio-reshaping decisions. Smaller ones: topping up a contribution, redirecting a bonus, splitting some super with your spouse. The kind of moves that feel unremarkable at the time but compound over decades into tens of thousands of dollars.

The 2025-26 financial year is a particularly useful one to get this right, because several things are about to change. Contribution caps are widely expected to increase from 1 July 2026. The transfer balance cap – the limit on how much you can shift into a tax-free retirement account – will rise from \$2 million to \$2.1 million (confirmed by the ATO). And the new payday super rules will change how and when employer contributions reach your fund.

BEFORE YOU GET STARTED

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None of that means you should wait. In fact, for many of the strategies covered here, acting before 30 June is the whole point.

Start with what you have already used

Before considering any additional contributions, the first step is knowing where you stand. Every strategy discussed here interacts with caps – annual limits on how much you can contribute to super in a given financial year without incurring penalty tax. Exceed those caps and the consequences are real: excess concessional contributions are included in your assessable income and taxed at your marginal rate, with a 15 per cent tax offset to reflect the contributions tax already paid by the fund. Excess non-concessional contributions can be taxed at 47 per cent.

For the 2025-26 financial year, the concessional contributions cap is \$30,000. This includes everything that goes into your super on a before-tax basis: your employer's compulsory Superannuation Guarantee contributions (now 12 per cent of ordinary time earnings), any salary sacrifice amounts, and any personal contributions for which you claim a tax deduction.

The non-concessional contributions cap – for after-tax money – is \$120,000. This applies if your total super balance was below \$2 million on 30 June 2025. If your balance was at or above that threshold, your non-concessional cap is nil, meaning you cannot make after-tax contributions at all this financial year.

You can check your contribution position through your myGov account linked to the ATO. Look at your year-to-date concessional contributions, your total super balance, and whether you have any unused concessional cap amounts carried forward from previous years. This information is the foundation for every strategy that follows.

Salary sacrifice and personal deductible contributions

The most straightforward way to boost your super before 30 June is to increase your concessional contributions up to the \$30,000 cap. There are two main ways to do this.

Salary sacrifice involves asking your employer to redirect part of your pre-tax salary into super. If you earn \$120,000 and your employer contributes 12 per cent (\$14,400) in SG, you have \$15,600 of unused concessional cap. Arranging to sacrifice, say, \$10,000 of your remaining salary before 30 June would use most of that space and reduce your taxable income by the same amount. At a marginal tax rate of 32 per cent (30 per cent plus 2 per cent Medicare levy, which applies to taxable income between \$45,001 and \$135,000 for 2025-26), that \$10,000 would otherwise cost you \$3,200 in tax outside super. Inside super, it is taxed at just 15 per cent (\$1,500) – a net saving of \$1,700.

If salary sacrifice is not practical at this stage of the year – perhaps your employer needs lead time to set it up, or your pay cycle does not allow enough remaining payments – you can achieve the same result with a personal deductible contribution. You transfer money from your bank account directly into your super fund, then submit a notice of intent to claim a deduction (an ATO “Section 290-170” form) to your fund before the earlier of: the day you lodge your tax return for the year in which the contribution was made, or the last day of the following financial year (so for a 2025-26 contribution, the outside deadline is 30 June 2027). Your fund must acknowledge the notice before the deduction is valid.

The tax outcome is identical to salary sacrifice. The practical advantage is that you can make a personal deductible contribution at any time – including a lump sum in late June – without needing your employer's involvement.

One caution: if you earn more than \$250,000 in income (including concessional super contributions), an additional 15 per cent tax applies to some or all of your concessional contributions under Division 293. That still leaves the effective rate at 30 per cent – lower than the top marginal rate of 47 per cent – but it reduces the benefit, and it is worth factoring in before committing to a large contribution.

Carry-forward contributions: using what you missed

If your total super balance was below \$500,000 on 30 June 2025, you may be sitting on a valuable opportunity. The carry-forward rule allows you to use any unused concessional cap amounts from the previous five financial years, on top of the current year's \$30,000 cap.

The unused amounts are applied in order, oldest first. For 2025-26, you can potentially access unused cap space from as far back as 2020-21 (when the cap was \$25,000), plus 2021-22, 2022-23, and 2023-24 (all \$27,500), and 2024-25 (\$30,000). If you contributed only the SG minimum in each of those years, the accumulated unused space could be substantial – potentially \$50,000 to \$70,000 or more on top of the current year's cap, depending on your salary and contribution history.

Consider someone earning \$90,000 who received SG contributions of roughly \$10,000 to \$10,800 per year over the past five years. Their unused concessional cap across those years might total around \$72,000. Combined with the current year's \$30,000 cap, they could theoretically contribute up to \$102,000 in concessional contributions in 2025-26 without exceeding their cap.

In practice, contributions of that size only make sense if you have the income to absorb the tax deduction and the cash to fund the contribution. But even a partial catch-up – an extra \$15,000 or \$20,000 – can make a meaningful difference. The tax saving is immediate, and the money

If one partner in a couple earns significantly less than the other – whether because of part-time work, a career break, or caring responsibilities – spouse contributions can serve two purposes at once.

begins compounding in a concessional taxed environment from the moment it arrives.

You can check your available carry-forward amounts through ATO online services via myGov.

Non-concessional contributions: after-tax money in

If you have already maximised your concessional contributions, or if you have savings outside super that you want to move into a more tax-efficient environment, non-concessional contributions are the next consideration.

The annual non-concessional cap for 2025-26 is \$120,000, available to anyone whose total super balance was below \$2 million on 30 June 2025. If your balance was between \$1.76 million and \$1.88 million, you can contribute up to \$240,000 using the bring-forward rule (accessing two years of future caps). Below \$1.76 million, you can access the full three-year bring-forward of \$360,000.

The bring-forward rule is triggered automatically if you contribute more than \$120,000 in a single financial year. Once triggered, it locks in the cap amounts and balance thresholds that applied at the start of the bring-forward period. This matters because from 1 July 2026, the non-concessional cap is expected to increase from \$120,000 to \$130,000, and the transfer balance cap from \$2 million to \$2.1 million. If you trigger a bring-forward arrangement this year, your cap will be based on the current \$120,000 figure – potentially locking you into a lower total than if you waited until July to trigger it under the higher cap.

For anyone considering a large non-concessional contribution, the timing question is worth discussing with your adviser. If the contribution is not urgent, waiting until after 1 July could give you access to a higher bring-forward total (\$390,000 rather than \$360,000) and higher balance thresholds. If the money is available now and you want it in super sooner, the difference may not be worth the delay – but it is a decision worth making consciously.

Spouse contributions and the tax offset

If one partner in a couple earns significantly less than the other – whether because of part-time work, a career break, or caring responsibilities – spouse contributions can serve two purposes at once.

The contributing spouse makes a non-concessional contribution into their partner's super fund from after-tax money. If the receiving spouse's total income (including

assessable income, reportable fringe benefits, and reportable employer super contributions) is below \$37,000, the contributing spouse can claim a tax offset of up to \$540 – calculated as 18 per cent of up to \$3,000 in contributions. The offset phases out between \$37,000 and \$40,000 of the receiving spouse's income.

The \$540 is modest, but the real value is often in the contribution itself. Building a more balanced pair of super accounts across a couple creates more flexibility in retirement. Two more equal balances provide better options for managing the transfer balance cap as balances grow, stronger protection if the relationship ends, and – depending on each partner's age and how benefits are structured – can improve Centrelink outcomes in some couples. From 1 July 2026, balance equalisation also becomes relevant for managing exposure to the proposed Division 296 thresholds (covered in detail in a separate article in this series).

The receiving spouse's total super balance must have been below \$2 million on 30 June 2025, and the contribution counts toward their non-concessional cap.

Contribution splitting: moving what is already there

Distinct from spouse contributions, contribution splitting allows you to transfer up to 85 per cent of your concessional contributions from the current or previous financial year into your spouse's super account. The money has already been contributed and taxed at 15 per cent in your fund – splitting it moves it across to your partner's account without additional tax.

Your spouse must be under preservation age (currently 60) to receive split contributions. If they are between preservation age and 65, they must not have retired. Once they reach 65, splitting is no longer available.

Splitting does not give you a tax deduction or offset. Its value is structural: it builds the lower-balance partner's account, improves the couple's combined position for means-testing purposes (particularly for Centrelink, where the assets test treats each person's super differently depending on whether they have reached Age Pension age), and creates more room under the transfer balance cap and Division 296 thresholds for the higher-balance partner.

The government co-contribution

For lower-income earners, the government co-contribution is free money that many eligible people overlook. If your

This is not a decision to make without professional advice. The interaction between contribution caps, transfer balance caps, Division 296 thresholds, and Centrelink means tests is genuinely complex, and the right answer depends on each couple's specific circumstances.

total income is below \$62,488 for 2025-26 and you make a personal after-tax contribution to your super without claiming a tax deduction, the government will contribute 50 cents for every dollar you put in, up to a maximum of \$500.

To receive the full \$500, your income needs to be at or below \$47,488 and you need to contribute at least \$1,000. The co-contribution tapers off as income rises, reducing by 3.333 cents for every dollar of income above \$47,488, and cutting out entirely at \$62,488.

You must earn at least 10 per cent of your income from employment or business, be under 71 at the end of the financial year, and lodge a tax return. The ATO calculates your eligibility automatically – you do not need to apply – but your super fund must have your tax file number on record, and the contribution must reach your fund before 30 June.

If you are eligible, this is one of the highest-returning investments available: a guaranteed 50 per cent return on your contribution, tax-free, with no market risk.

What is changing from 1 July 2026

Several thresholds will increase from the start of the 2026-27 financial year. The general transfer balance cap will rise from \$2 million to \$2.1 million – this has been confirmed by the ATO, and it will also lift the total super balance thresholds that determine eligibility for non-concessional contributions and the bring-forward rule.

The concessional contributions cap is expected to rise from \$30,000 to \$32,500, and the non-concessional contributions cap from \$120,000 to \$130,000 (with the three-year bring-forward total rising to \$390,000). These cap increases are based on indexation linked to average weekly ordinary time earnings (AWOTE) and are widely expected by industry analysts, but have not yet been officially confirmed by the ATO – the announcement is typically made in late March or April.

These expected increases do not change the strategies available to you before 30 June 2026. But they do affect the planning context. If you are close to the \$500,000 balance threshold for carry-forward contributions, or close to the \$2 million balance threshold for non-concessional contributions, the higher thresholds from July may open doors that are currently closed. Conversely, if you are considering triggering a bring-forward arrangement, you may want to weigh whether acting now under the current caps or waiting

for the expected higher caps produces a better outcome.

Your adviser can model both scenarios using your specific numbers.

For those with larger balances

If your total super balance is approaching or exceeds \$3 million, the contribution strategies above intersect with the proposed Division 296 tax measures. Legislation was introduced to Parliament in February 2026, with an intended commencement date of 1 July 2026, but the bill had not received Royal Assent at the time of writing. If passed in its current form, the measures would apply an additional 15 per cent tax to earnings attributable to the portion of a person's total super balance above \$3 million and up to \$10 million, and an additional 25 per cent tax to earnings attributable to the portion above \$10 million. Combined with the existing 15 per cent fund-level tax, the effective rates on those portions of earnings would be 30 per cent and 40 per cent respectively. Both thresholds would be indexed to the consumer price index – the \$3 million threshold in \$150,000 increments and the \$10 million threshold in \$500,000 increments. The Division 296 measures are covered in detail in a separate article in this series.

For couples where one partner has a balance well above \$3 million and the other has room to grow, the combination of contribution splitting, spouse contributions, and strategic use of the non-concessional cap can serve as both a retirement planning and a tax planning exercise. Rebalancing between partners – within the rules – can reduce the overall Division 296 exposure while improving the couple's combined retirement flexibility.

This is not a decision to make without professional advice. The interaction between contribution caps, transfer balance caps, Division 296 thresholds, and Centrelink means tests is genuinely complex, and the right answer depends on each couple's specific circumstances. But the EOFY window is often when the conversation needs to start, because the strategies available before 30 June differ from those available after it.

Discussion points for your adviser

At your next review – ideally before the end of May – consider raising these questions:

- How much concessional cap space do I have remaining

for 2025-26, and do I have any unused carry-forward amounts from previous years?

- Would a personal deductible contribution before 30 June reduce my tax bill meaningfully, given my marginal rate and my Division 293 position?
- Am I eligible for the government co-contribution, and have I provided my tax file number to my super fund?
- If I am considering a large non-concessional contribution, should I act before 30 June or wait until July when the caps and balance thresholds are expected to increase?
- As a couple, would contribution splitting or spouse contributions improve our combined position – for retirement income, for Centrelink purposes, or for Division 296 planning?
- Have I checked my total super balance and contribution history through myGov recently, and does everything look correct?

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BUILDING SUPER AS A COUPLE

HOW TO MAKE THE SYSTEM WORK FOR BOTH OF YOU

BY WEALTH ADVISER

Superannuation is a household asset that sits in individual accounts. That mismatch – between how families live and how super is structured – creates both a planning challenge and a planning opportunity.

In most Australian couples, one partner ends up with a significantly larger super balance than the other. The reasons are familiar: different earnings levels, time spent out of the workforce for caring, part-time work during the school years, career changes that reset the clock. None of this is unusual, and none of it represents a failure of the system. Super reflects lifetime earnings, and in households where one partner earns more or works more continuously, the balances will diverge.

The question worth asking is not why the gap exists, but what – if anything – couples should do about it. The answer, for many households, is that two reasonably balanced super accounts produce a better combined outcome in retirement than one large account and one small one. Not always, and not in every situation – but often enough that it deserves a conversation.

Why balance matters

The benefits of more equal super balances across a couple are practical, not ideological. They fall into four categories.

The first is tax efficiency in retirement. Each person has their own transfer balance cap – the limit on how much can be moved into a tax-free retirement pension account (currently \$2 million, rising to \$2.1 million from 1 July 2026). Two people with \$1 million each can both move their entire balance into pension phase, where earnings are tax-free. One person with \$2 million can do the same – but if that balance grows beyond the cap, the excess must remain in accumulation, where earnings are taxed at 15 per cent. A couple with two balanced accounts has more combined room to grow before either partner hits the cap.

The second is flexibility. Retirement is not a single event for most couples – one partner may retire earlier, or one may need to draw on super for health costs or aged care while the other continues working. Two funded accounts provide more options than one account carrying the full load.

The third is protection. If the relationship ends, super is taken into account in property settlements, but the process is simpler and the outcomes are often more predictable

when both partners have meaningful balances rather than one partner holding everything.

The fourth – depending on each partner’s age and how benefits are structured – is the potential effect on Centrelink means testing. The way super interacts with the Age Pension assets test differs depending on whether a person has reached Age Pension age and whether their super is in accumulation or pension phase. For some couples, the way balances are distributed between partners can affect their combined Age Pension entitlement. This interaction is covered in detail in the Centrelink means tests article in this series.

The tools available

The superannuation system provides several mechanisms for couples to build more balanced accounts. Each works differently and suits different circumstances.

Contribution splitting allows you to transfer up to 85 per cent of your concessional contributions from the current or previous financial year into your spouse’s super account. The money has already been contributed and taxed at 15 per cent in your fund – splitting it moves it across without additional tax. Your spouse must be under preservation age (currently 60), or between preservation age and 65 and not retired, to receive split contributions. Splitting does not generate a tax deduction or offset for the contributing partner. Its value is structural: it redirects super that has already been contributed, gradually building the lower-balance partner’s account over time.

Spouse contributions are a separate mechanism. Here, the higher-earning partner makes a non-concessional (after-tax) contribution directly into the lower-earning partner’s super fund. If the receiving spouse’s total income is below \$37,000, the contributing partner can claim a tax offset of up to \$540 (18 per cent of up to \$3,000 in contributions). The offset phases out between \$37,000 and \$40,000 of the receiving spouse’s income. The contribution counts toward the receiving spouse’s non-concessional cap (\$120,000 for 2025–26), and the receiving spouse’s total super balance must have been below \$2 million on 30 June 2025.

The government co-contribution is worth considering for the lower-earning partner if their total income is below \$62,488 for 2025–26. A personal after-tax contribution of \$1,000 (without claiming a tax deduction) can attract a government contribution of up to \$500 – a guaranteed 50 per cent return. The co-contribution is available to anyone under 71 who earns at least 10 per cent of their income from employment or business.

Parental leave super, which now applies for children born or adopted from 1 July 2025, adds another element. The ATO pays a super contribution equal to 12 per cent of government-funded Parental Leave Pay directly into the recipient’s fund as a lump sum after the end of the financial

year. For a parent taking the full leave entitlement, this amounts to a few thousand dollars – a modest contribution, but one that did not exist before.

When to use which strategy

The right combination depends on each couple’s circumstances, but some general patterns hold.

Contribution splitting tends to be most valuable for couples where both partners are still working and the higher earner is making concessional contributions well above what the lower earner receives. It costs nothing beyond the paperwork – no additional money leaves the household – and its effect compounds over years. A couple that consistently splits contributions over a decade can shift a meaningful amount of super from one account to the other without any cash outlay.

Spouse contributions are more useful when one partner has little or no income – for example, during a career break for caring, study, or illness. The tax offset is small (\$540 at most), but the contribution itself may be the only way super is being added to that partner’s account during the break. Combined with the new parental leave super contribution for parents on government-funded leave, a career break no longer has to mean a complete pause in super accumulation.

The co-contribution is specifically useful for lower-income partners who are earning some employment income. If one partner works part-time and earns below \$47,488, a \$1,000 after-tax contribution to their own super triggers the full \$500 government match – an immediate 50 per cent return that no other investment can replicate.

These strategies are not mutually exclusive. A couple could split the higher earner’s concessional contributions, make a spouse contribution during a year when the lower earner is not working, and ensure the lower earner makes a small personal contribution in years when they are working to capture the co-contribution. The key is that someone is actively thinking about both accounts, not just one.

Practical considerations

A few things to keep in mind when putting these strategies into practice.

Contribution splitting has a timing requirement. In most cases, you apply to split contributions from the previous financial year. You can apply to split contributions from the current financial year only in limited circumstances, such as before rolling over or withdrawing your entire super benefit. Most funds have a form for this – it is not automatic, and you need to request it.

Spouse contributions are after-tax money from the contributing partner, so they need to be funded from savings or take-home pay. The tax offset partly compensates for this, but only up to \$540.

Spouse contributions and personal contributions (including those that trigger the co-contribution) count toward the receiving partner's relevant contribution caps, so it is essential to track the lower-balance partner's concessional and non-concessional positions across all sources to avoid exceeding a cap and triggering penalty tax. By contrast, a contribution split is treated as a rollover to the spouse, not a new contribution – it does not use up the receiving partner's cap space.

If the lower-earning partner is under 67 and not working, they can still receive spouse contributions and make personal contributions (up to their non-concessional cap) without meeting a work test. If they are 67 to 74, they need to satisfy the work test (40 hours of gainful employment in a consecutive 30-day period in the financial year) to make personal contributions for which they intend to claim a deduction, though non-deductible contributions and spouse contributions are not subject to the work test.

For couples with larger balances

If one partner's total super balance is approaching or exceeds \$3 million, the strategies above take on an additional dimension. The proposed Division 296 tax measures – legislation for which was introduced to Parliament in February 2026, with an intended commencement of 1 July 2026 – would introduce higher tax rates on a proportion of super earnings attributable to balances above \$3 million, with a further tier for balances above \$10 million. The effect would be to reduce the tax concessions currently available on earnings linked to those higher balances.

For a couple where one partner has \$4 million and the other has \$1.5 million, systematically rebalancing through contribution splitting and spouse contributions over several years could reduce the higher-balance partner's Division 296 exposure while improving the couple's combined flexibility. The effect is gradual – you cannot split or contribute your way out of a \$4 million balance overnight – but over time, even modest annual rebalancing can shift the tax profile meaningfully.

This kind of planning requires professional advice, because the interaction between contribution caps, transfer

balance caps, Division 296 thresholds, and Centrelink means tests is genuinely complex. The Division 296 measures are covered in detail in a separate article in this series.

Discussion points for your adviser

At your next review as a couple, consider raising these questions:

- What is the current balance split between our super accounts, and is the gap large enough to warrant a rebalancing strategy?
- Would contribution splitting from the higher earner's account make sense given our respective ages and retirement timelines?
- If one of us is not working or earning a low income, should the other be making spouse contributions – and are we capturing the tax offset?
- Is either of us eligible for the government co-contribution, and are we making the personal contribution needed to trigger it?
- How do our combined super balances interact with the transfer balance cap, and would more equal balances give us more room as those balances grow?

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PAYDAY SUPER AND PARENTAL LEAVE SUPER

Two Reforms That Could Strengthen Your Retirement

BY WEALTH ADVISER

For thirty years, the way superannuation contributions have reached your fund has followed the same basic rhythm. Your employer calculates what they owe, and then they have until 28 days after the end of each quarter to actually pay it. That means the super you earn in July might not land in your account until late October. The super you earn in October might not arrive until late January.

Most of the time, this works well enough. But the quarterly system has two well-documented problems. First, it means your contributions sit uninvested for weeks or months, missing out on compounding returns. Second – and more seriously – it creates a gap between what employers owe and what they actually pay. The ATO estimates that \$5.2 billion in super went unpaid in 2021-22 alone. When an employer falls behind, the quarterly cycle means the problem can compound for months before anyone notices.

From 1 July 2026, the most significant of these changes takes effect: payday super, which will require employers to pay contributions with every pay cycle rather than quarterly. A related reform – superannuation on government-funded Parental Leave Pay – has already begun, applying to children born or adopted from 1 July 2025, with the first ATO payments flowing from July 2026. Together, these two measures address longstanding gaps in how and when super reaches working Australians.

What payday super means for you

The core change is straightforward: from 1 July 2026, your employer must pay your super at the same time they pay your wages. Contributions must reach your super fund within seven business days of each payday, replacing the current quarterly deadline.

The amount does not change. The Superannuation Guarantee rate remains at 12 per cent of ordinary time

earnings. What changes is the timing – and for most employees, the difference will be visible. Where you might currently see one lump-sum contribution appearing in your super account every three months, you will instead see smaller, more frequent amounts landing with each pay cycle.

This matters more than it might seem. Treasury estimates that a 25-year-old on median income, currently receiving super quarterly and wages fortnightly, could be around 1.5 per cent better off at retirement – roughly \$6,000 in today's dollars – simply from having contributions invested sooner. Over a full career, the compounding effect of more frequent contributions accumulates quietly but meaningfully.

The bigger benefit, though, may be transparency. Under the quarterly system, it can take months for an employee to realise their super has not been paid. By the time the ATO investigates, it is typically looking at almost two years of potential underpayment. Payday super makes contributions trackable in near real time – if your super does not appear within a week or so of your pay, you will know something is wrong, and so will the ATO. More frequent reporting through Single Touch Payroll, combined with tighter payment windows, should give the ATO the ability to detect underpayment far earlier than the quarterly system has allowed.

What to expect in practice

The transition will not be seamless for every employer. The shift from four quarterly payments to fortnightly or weekly super obligations is a significant operational change – particularly for small businesses that have historically used the quarterly cycle to manage cash flow. Payroll systems, clearing house arrangements, and payment processes all need updating, and the ATO has acknowledged this by signalling a risk-based compliance approach for the first twelve months (1 July 2026 to 30 June 2027). Employers who make genuine efforts to pay on time and correct errors promptly will be treated differently from those who systematically fail to meet their obligations.

For employees, the practical implication is that the first few months may not be perfectly smooth. Some employers will need time to adjust their systems, and occasional delays in the early weeks are possible. If you notice that a super contribution has not appeared in your fund within a reasonable period after your pay date, it is worth raising it with your employer or checking through your myGov account. The ATO's increased visibility means problems are more likely to be caught, but your own awareness remains the first line of defence.

One operational detail worth noting: the seven-day window refers to when the contribution is received by your

super fund – not when your employer processes the payment. Processing times through clearing houses and banking systems count. This means the contribution genuinely needs to be sent promptly after payday, not simply queued.

Why this reform was needed

The quarterly system was introduced when compulsory super began in 1992 at a rate of 3 per cent. It was designed for a time when payroll systems were less sophisticated and the amounts involved were smaller. Over three decades, the SG rate has risen to 12 per cent, payroll technology has been transformed by systems like Single Touch Payroll, and the super system now holds over \$4 trillion in retirement savings.

The case for reform was built on two problems. The first was unpaid super: the \$5.2 billion gap between what employers owe and what workers receive represents a significant loss to retirement savings, disproportionately affecting younger workers, women, and people in insecure or casual employment. The second was the lost compounding from delayed contributions. Together, they represented a structural weakness in a system that otherwise works well.

Industry modelling suggests around 8.9 million employees stand to benefit from the change. For most, the effect will be incremental – a slightly faster accumulation of retirement savings over a working life. For those whose employers have historically been late or non-compliant with their super obligations, the protection could be far more significant.

Parental leave super: closing a different kind of gap

Alongside payday super, a separate reform addresses a gap that has existed since Paid Parental Leave was introduced in 2011: government-funded parental leave has never attracted superannuation contributions. An employee taking parental leave through their employer's own scheme might receive super (depending on the employer's policy), but anyone relying on the government's Paid Parental Leave Pay received wages with no super attached.

From 1 July 2025, that changes. Parents of children born or adopted on or after that date who receive government-funded Parental Leave Pay will also receive a superannuation contribution equal to the SG rate of 12 per cent, paid by the ATO directly into their nominated super fund.

The mechanics are different from payday super. Rather than flowing with each pay cycle, the parental leave super contribution is paid as a lump sum – including an interest component – after the end of the financial year in which the leave was taken. So a parent who takes Parental Leave Pay during 2025–26 will receive their super contribution from July 2026 onward. The ATO handles the payment

automatically based on information from Services Australia; there is no separate application required.

If parental leave is shared between both parents, each receives a super contribution proportionate to their share of the leave.

The contribution counts as a concessional contribution and is taxed at 15 per cent within the super fund, just like employer SG contributions. It also counts toward the recipient's concessional contributions cap (\$30,000 for 2025–26). For most parents on leave, this is unlikely to cause a cap issue – at the current Parental Leave Pay rate (based on the national minimum wage, currently \$189.62 per day before tax) for up to 24 weeks (increasing to 26 weeks from 1 July 2026), the super contribution would be roughly \$2,700 to \$3,000 over the full leave period. But if you are also receiving employer super contributions or making salary sacrifice arrangements in the same financial year, it is worth checking your total concessional contributions to ensure you stay within the cap.

What this means for couples planning around a career break

For households where one parent is about to take extended leave, the parental leave super reform is one of several tools now available to maintain retirement savings momentum during a period that has traditionally been a dead zone for super accumulation.

The super contribution on parental leave is automatic and requires no action beyond ensuring your super fund details are current with the ATO and Services Australia. But it can sit alongside other strategies covered elsewhere in this series: spouse contributions from the working partner (with a potential tax offset of up to \$540), contribution splitting to rebalance accounts, and – for those on lower incomes – the government co-contribution.

The combined effect of these measures means that a career break for caring no longer has to result in a complete pause in super accumulation. The gap will still exist – the

parental leave super contribution is based on the Parental Leave Pay rate, not on the parent's usual salary – but it is materially smaller than it was before this reform.

Discussion points for your adviser

At your next review, consider raising these questions:

Once payday super begins, how should I check that my employer's contributions are arriving on time and in the correct amounts?

If I or my partner is planning to take parental leave in the coming year, how will the super contribution interact with our other concessional contributions for the year?

Are there strategies we should consider as a couple – such as spouse contributions or contribution splitting – to maintain super momentum during a career break?

Should I review my super fund details with the ATO and Services Australia to make sure the parental leave super contribution will be directed to the right fund?

References

1. Australian Taxation Office. "Payday superannuation." Overview of the reform, commencement date, and employer obligations from 1 July 2026. ato.gov.au.
2. Treasury (Australian Government). "Payday super." Policy rationale, the \$5.2 billion unpaid super estimate, and projected retirement savings benefit. treasury.gov.au.
3. Australian Taxation Office. "Paid Parental Leave Superannuation Contribution." Eligibility, payment mechanics, and interaction with concessional contributions cap. ato.gov.au.
4. Services Australia. "Paid Parental Leave scheme changes." Parental Leave Pay rates, duration (24 weeks from 1 July 2025, 26 weeks from 1 July 2026), and super contribution details. servicesaustralia.gov.au.
5. Fair Work Ombudsman. "Payday Super: New rules starting 1 July 2026." Employee-focused summary of the reform and employer obligations. fairwork.gov.au.
6. Treasury Laws Amendment (Payday Superannuation) Act 2025 (Cth). Royal Assent 6 November 2025. legislation.gov.au.

Q&A: Ask a Question

Question 1

My partner and I have quite different super balances. Is there a way to move some of my super across to help even things out?

There is – it's called contribution splitting, and it allows you to transfer up to 85 per cent of your concessional (before-tax) contributions from the previous financial year into your spouse's super account. This includes employer contributions and any personal contributions you've claimed a tax deduction for. The money has already been taxed at 15 per cent in your fund, so the transfer doesn't trigger any additional tax.

The benefit is structural rather than immediate. Over time, consistent splitting can gradually build the lower-balance partner's account, giving a couple more combined flexibility in retirement. Two reasonably balanced accounts mean both partners can make full use of their individual transfer balance cap – currently \$2 million – to move super into the tax-free pension phase. One large account is more likely to exceed the cap, leaving excess earnings taxed at 15 per cent.

It's worth noting that splitting doesn't reduce the amount counted against your own concessional contributions cap, and your spouse must generally be under preservation age to receive the split. Your adviser can help you work out whether splitting makes sense for your situation and how to get the paperwork in order.

Question 2

I work part-time and my income isn't very high. Is there anything the government offers to help boost my super?

Yes – the government co-contribution is specifically designed for lower-income earners. If your total income is \$62,488 or less for the 2025-26 financial year and you make a personal after-tax contribution to your super, the government will match it at 50 cents per dollar, up to a maximum of \$500. To receive the full \$500, your income needs to be at or below \$47,488 and you need to contribute at least \$1,000 from your own after-tax money. The co-contribution phases out progressively between those two thresholds.

You don't need to apply – if you lodge a tax return and your fund has your tax file number, the ATO works out your eligibility automatically and pays it directly into your super account. To qualify, you must earn at least 10 per cent of your total income from employment or business, be under 71 at the end of the financial year, and have a total super balance below \$2 million.

For someone on a modest income, a guaranteed 50 per cent return on a \$1,000 contribution is difficult to match with any other investment. If you think you might be eligible, it's worth speaking with your adviser about whether a small personal contribution before 30 June could make a meaningful difference to your retirement savings.

Question 3

I'm about to go on parental leave. I've heard the government now pays super on Paid Parental Leave – how does that work?

From 1 July 2025, parents of children born or adopted on or after that date are entitled to receive a superannuation contribution on their government-funded Parental Leave Pay. The ATO pays the equivalent of 12 per cent of your Parental Leave Pay directly into your nominated super fund as a lump sum after the end of the financial year in which you received the payments.

For a parent taking the full 24 weeks of leave at the current daily rate of \$189.62 (based on the national minimum wage), this works out to roughly \$2,700 in super, plus a small interest component to account for the delay in payment. The ATO pays the contribution after the end of the financial year in which Parental Leave Pay was received, so the first payments will flow from July 2026 onward. If you share leave with another parent, a contribution is paid to each person's fund based on their share of the payments.

It's important to be aware that this contribution is taxed at 15 per cent in your super fund and counts towards your concessional contributions cap of \$30,000. If you're also receiving employer super contributions or making salary sacrifice contributions in the same year, you'll want to keep an eye on total concessional contributions to avoid exceeding the cap. Your adviser can help you factor this into your broader contribution planning, especially during a period when your income and work arrangements may be changing.

With all these topics, there is no single "right" choice. Your personal situation matters, and you should seek advice from a licensed financial adviser to understand what is most appropriate for you.