



Pre-1 July 1983 service for untaxed super funds

West State Super and Gold State Super



To request this document in an alternative format such as Braille, call us on 13 43 72 or use our Live Chat service at gesb.wa.gov.au.

This fact sheet is intended to provide information for Gold State Super or West State Super members who have an eligible service period that commenced before 1 July 1983. Please contact your Member Services Centre on 13 43 72 to confirm this service period.

This fact sheet is not intended to be a substitute for the *Gold State Super essentials brochure* or the *West State Super product information booklet*, both available at gesb.wa.gov.au/brochures. These documents include all the information you should consider before making a decision. You should read the relevant brochure or product information booklet and consider seeking professional legal, taxation or personal financial advice before you act.

All examples and scenarios used in this document are for illustrative purposes only.

Impact of pre-1 July 1983 service on untaxed super funds

The eligible service period before 1 July 1983 forms part of the tax-free component of your super benefit. This portion is commonly referred to as the pre-1 July 1983 amount.

Determining the pre-1 July 1983 amount to be included in the tax-free component of your super benefit will depend on the tax status of your super fund.

For taxed super funds, such as GESB Super, the pre-1 July 1983 amount was calculated as at 30 June 2007 and was included as part of the tax-free component on that date. This is referred to as crystallisation, as the amount became fixed and formed part of the tax-free component.

For untaxed super funds, like West State Super and Gold State Super, the crystallisation of the pre-1 July 1983 amount for the untaxed element in the fund is only calculated when a lump-sum benefit is withdrawn or rolled over to a taxed super fund.

How pre-1 July 1983 amount is calculated

Calculating your pre-1 July 1983 amount will have an impact on the tax components of your super benefit and, therefore, how much tax is payable when you withdraw your benefit from the fund. The tax-free component of your benefit is increased, and the untaxed element is reduced, by your pre-1 July 1983 amount.

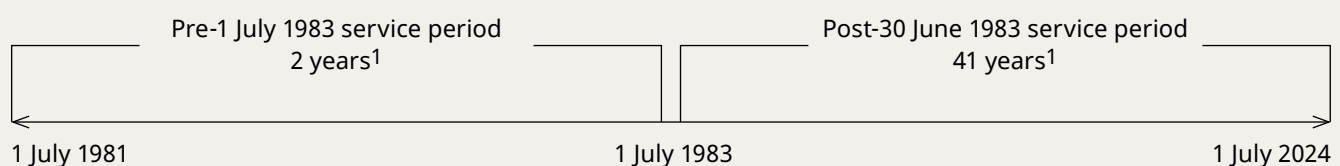
Meet John

John is a Gold State Super member who retired on 1 July 2021, aged 60. John started working for the WA public sector on 1 July 1981 and had continuous service until he retired. John's member contributions were made after-tax and totalled \$60,000. John withdraws his Gold State Super benefit of \$600,000 on 1 July 2024.

Calculating John's service period

John's total service period of 43 years can be divided to show the pre-1 July 1983 service period of 2 years¹ and the post-30 June 1983 period of 41 years¹.

Total service period = 43 years¹



¹ Please note, the formula is based on number of days, however we have used years to simplify.

Calculating John's tax components

The pre-1 July 1983 amount is calculated by multiplying his benefit by the pre-1 July 1983 service period divided by the total service period. i.e. $\$600,000 \times 2/43 = \$27,907$.

The tax-free component of his benefit is the sum of his after-tax member contributions and his pre-1 July 1983 amount i.e. $\$60,000 + \$27,907 = \$87,907$.

The taxable – untaxed element of his benefit is \$512,093

The amount of tax payable on the taxable component will depend on how John accesses his benefit.

Here are two scenarios involving John and the impact of having a pre-1 July 1983 service period on his tax payable.

Scenario 1 Taking his full benefit as a cash payment

If John took his Gold State Super benefit as a cash payment, the taxable-untaxed element of \$512,093 is subject to tax of 17%.^{1,2} This will result in tax payable of \$87,056. If John was under the age of 60 when he took the cash benefit, then the rate of tax would be higher.

More information on tax rates can be found in the *Tax and super brochure*, available at gesb.wa.gov.au/brochures.

Scenario 2 Rolling over his full benefit to a taxed super fund

If John rolled over his Gold State Super benefit to a taxed super fund, such as our Retirement Income Pension, the taxable component of \$512,093 is subject to tax of 15%² by the taxed fund, resulting in tax payable of \$76,814.

The table below illustrates the tax impact of having pre-1 July 1983 service when rolling over to a taxed super fund, such as our Retirement Income Pension.

Component	Amount	Tax component
Tax-free	\$87,907	Tax free and no tax applies
Taxable – untaxed element (i.e. the remainder of the benefit)	\$512,093	Taxable – untaxed element and is subject to tax
Gross benefit	\$600,000	
Tax payable on rollover of 15%	\$76,814	
Net benefit (after tax)	\$523,186	

The net benefit (after tax) comprises a tax-free component of \$87,907 and a taxable component – taxed element of \$435,279 (i.e. \$512,093 less tax of \$76,814).

John gains a tax saving of \$10,242 (scenario 1 tax of \$87,056 less scenario 2 tax of \$76,814). This is because the Medicare Levy is not payable on rollovers as it is with cash payments (as in scenario 1 above). As John is over age 60, any regular income payments or lump-sum payments from his allocated pension will also be tax free.

For more information on our Retirement Income Pension, read the *Retirement Income Pension product information booklet* available at gesb.wa.gov.au/brochures.

1 Includes 2% Medicare Levy.

2 There is an untaxed plan cap per super fund which is \$1.935 million for the 2026/27 financial year (indexed annually in line with Average Weekly Ordinary Time Earnings, in increments of \$5,000 rounded down). Amounts up to your untaxed plan cap are taxed at 15% on rollover to a taxed fund. Amounts above your untaxed plan cap are taxed at 47% prior to rollover.

Maximising your tax-free component

Members who have pre-1 July 1983 eligible service and have an untaxed super fund, such as Gold State Super or West State Super, may be able to maximise their tax-free component by making personal after-tax contributions to their untaxed super fund before accessing their benefit.

This is a complex area and we recommend you seek professional legal, taxation or personal financial advice.

Gold State Super members who are currently employed in the WA public sector may be eligible to open a West State Super account, provided they have pre-1 July 1983 service. Please contact your Member Services Centre on 13 43 72 to find out more.

Other considerations

Untaxed plan cap

Moving from one untaxed super fund, such as Gold State Super, to another untaxed super fund, such as West State Super, will not trigger the pre-1 July 1983 crystallisation in Gold State Super.

It is important to understand that rolling over your entire benefit to West State Super will mean you only have one untaxed plan cap¹ when you access your Final Benefit. Effectively, the untaxed benefit in Gold State Super is assessed twice. First, in Gold State Super when you roll over to West State Super (i.e. against your untaxed plan cap⁴ in Gold State Super), and then again when you access your benefit in West State Super (i.e. against your untaxed plan cap⁴ in West State Super).

Non-concessional contributions cap

If you are considering making additional after-tax contributions into your West State Super account, then the non-concessional contributions cap of \$130,000 per annum for the 2026/27 financial year will apply.²

Your non-concessional contributions cap is:

- \$130,000³ p.a. or
- If aged under 75 at any time in the financial year, you may be able to bring-forward one or two years of contributions i.e. if two years then \$130,000 plus \$260,000, giving you a cap of \$390,000 over three years. Where a bring-forward arrangement has been triggered, the future years' entitlements are not indexed and they must be made before you turn 75

If your total super balance (across all your super accounts) is equal or greater than \$2.1 million on 30 June of the previous financial year, then your non-concessional contributions cap is nil for the financial year.

The amount available under the bring-forward rule depends on your total super balance as at 30 June in the previous financial year. This is tested each 30 June, including during the bring-forward period. For more information, please read the *Contributing to your super brochure*, available at gesb.wa.gov.au/brochures.

More information about tax considerations can be found in the *Tax and super brochure*, available at gesb.wa.gov.au/brochures.

- 1 There is an untaxed plan cap per super fund, which is \$1.935 million for the 2026/27 financial year (indexed annually in line with Average Weekly Ordinary Time Earnings, in increments of \$5,000 rounded down). Amounts up to your untaxed plan cap are taxed at 15% on rollover to a taxed fund. Any untaxed amounts in excess of your cap are taxed at 47% on withdrawal or before roll over.
- 2 Non-concessional contributions to all of your super funds will count towards your non-concessional contributions cap (including non-concessional contributions made to Gold State Super and West State Super).
- 3 For the 2026/27 financial year. This cap is equal to four times the general concessional contributions cap (which is currently \$32,500).

Disclaimer: the information contained in this document is of a general nature, and does not constitute legal, taxation or personal financial advice. In providing this information, we have not considered your personal circumstances including your investment objectives, financial situation or needs. We are not licensed to provide financial product advice. Before acting or relying on any of the information in this document you should review your personal circumstances, and assess whether the information is appropriate for you. You should read this document in conjunction with the relevant product information booklet and disclosure documents at gesb.wa.gov.au/brochures. You should seek advice specific to your personal circumstances from a suitably qualified adviser.

How to contact us

T Member Services Centre 13 43 72
PO Box J 755, Perth WA 6842

F 1800 300 067

W gesb.wa.gov.au