20 February 2025

Seven ways to maximise NCCs

Maximising non-concessional contributions can help clients to grow their super quickly, particularly if the bring-forward provisions are utilised.

Background

Non-concessional contributions (NCCs) can provide a significant opportunity for clients to accumulate retirement savings.

On 1 July 2024, the annual and bring-forward NCC caps increased. Also, on 1 July 2025, the general transfer balance cap (TBC) will increase from $1.9m to $2m. As a result, the NCC total super balance (TSB) thresholds changed in 2024/25 and will change again in 2025/26 (see Tables 1 and 2 below).

In this article, we outline seven ways clients can maximise NCCs and important advice considerations.

At the end of this article, we've included flowcharts to help you determine eligibility to make NCCs in 2024/25 and 2025/26. For more information on NCC eligibility rules and conditions, see our:

- Guide to non-concessional contributions article, and
- Untangling the bring-forward rule fact sheet.

You can also share the following guides with your clients to help them find important super information on myGov:

- Accessing NCC information (including available cap space), and
- How to track TSB.

Contents

Table 1: Thresholds and caps in 2024/25

TSB at 30/6/2024	NCC cap
$1.9m +	$0
$1.78m to < $1.9m	$120,000
$1.66m to < $ 1.78m	$240,000
< $1.66m	$360,000

Table 2: Thresholds and caps in 2025/26

TSB at 30/6/2025	NCC cap
$2m +	$0
$1.88m to < $2m	$120,000
$1.76m to < $ 1.88m	$240,000
< $1.76m	$360,000

1. Complete existing bring-forward

In 2024/25

Clients who triggered the bring-forward rule in 2022/23 or 2023/24 may be eligible to contribute their remaining NCC cap space in 2024/25 if their TSB was less than the general TBC of $1.9m on 30 June 2024. This includes clients who triggered a bring forward in 2022/23 but were unable to complete it in 2023/24 because their TSB on 30 June 2023 was $1.9m or more.

In 2025/26

Clients who triggered the bring-forward rule in 2023/24 or 2024/25 may be eligible to contribute their remaining NCC cap space in 2025/26 if their TSB is less than the general TBC of $2m on 30 June 2025. This includes clients who triggered a bring forward in 2023/24 but have not been able to complete it in 2024/25 because their TSB on 30 June 2024 was $1.9m or more.

Advice considerations

The maximum NCCs that can be made during a bring-forward is locked in when the bring-forward is first triggered, based on the annual NCC cap at that time. Clients who triggered the bring-forward in 2023/24 will still be in a bring-forward period in 2024/25 and may be in 2025/26. They don’t benefit from the increase in the annual NCC cap that took effect on 1 July 2024.

Example 1: Locked in bring-forward

Liz contributed $200,000 in the 2023/24 financial year, triggering the bring-forward rule. The annual NCC cap at that time was $110,000. Liz's TSB at 30 June 2023 was $1m. Liz received an inheritance in July 2024 and is considering making an additional NCC to super. Her TSB as at 30 June 2024 is $1.4m. The maximum NCC that can be made is $130,000 ($330,000 less $200,000).

2. Trigger new bring-forward before 30/6/2025

Clients may want to trigger a bring-forward on or before 30 June 2025 if:

- they are not currently in a bring-forward period, and
- they are unlikely to have funds that exceed their bring-forward amount in the current or two future financial years, or
- 2024/25 is the last financial year they can contribute to super, because of their age[1] and/or estimated TSB.

3. Defer bring-forward to 2025/26 or beyond

Clients who are eligible to contribute in 2024/25 or beyond and are not currently in a bring-forward period, may be able to maximise NCCs by:

- contributing up to the annual cap of $120,000 on or before 30 June 2025, and
- commencing the bring-forward by contributing up to $360,000 in 2025/26 or a later financial year.

How long a client might defer triggering the bring-forward will depend on whether they will be constrained by the bring-forward TSB thresholds, as well as how many years they are still eligible to contribute based on age.

1 An individual must have been under age 75 on the prior 1 July to trigger the bring-forward rule. NCCs must be received by the super fund no later than 28 days after the end of the month in which the person turns age 75.

Clients with TSB well below thresholds

Tables 3 and 4 below summarise some alternative contribution sequences where a client has a contribution timeframe of two, three or four years. It's assumed their TSB allows them to trigger a three-year bring-forward. For simplicity, future indexation of the caps and thresholds are ignored.

As the tables below illustrate, deferring the trigger of the bring-forward rule creates an opportunity to contribute more to super. However, this could be influenced by how much a client wishes to direct to super as well as any possible future financial windfalls.

Table 3 – Up to three years to make NCCs

	2024/25	2025/26	2026/27	Total
Option 1	$360,000	$0	$0	$360,000
Option 2	$120,000	$360,000	$0	$480,000
Option 3	$120,000	$120,000	$360,000	$600,000

Table 4 – Four years to make NCCs

	2024/25	2025/26	2026/27	2027/28	Total
Option 1	$120,000	$360,000	$0	$0	$480,000
Option 2	$120,000	$120,000	$360,000	$0	$600,000
Option 3	$360,000	$0	$0	$360,000	$720,000
Option 4	$120,000	$120,000	$120,000	$360,000	$720,000

TSB impact on bring forward for clients with higher balances

Clients with higher super balances may want to defer triggering the bring-forward until 2025/26 to benefit from the higher TSB thresholds that will apply from 1 July 2025 – see tables 1 and 2 on page 1. This may enable them to maximise NCCs as the next example illustrates.

Example 2: Deferring bring forward until after TSB threshold increases

Jonty (aged 63) has a TSB on 30 June 2024 of $1.5m. He wants to know if he should trigger the bring forward provisions in 2024/25 or wait until 2025/26.

If Jonty triggers the bring forward in 2024/25, he can contribute the maximum amount of $360,000, as his TSB on 30 June 2024 was below $1.66m. However, if he contributes the full $360,000 in 2024/25, he cannot make any additional NCCs over the following two financial years (see option 1 in Table 5).

Conversely, if Jonty restricts his 2024/25 contribution to the annual cap of $120,000 and:

- If we assume his TSB at 30 June 2025 is $1.7m, he can contribute a further $360,000 in 2025/26. Based on these assumptions, Jonty can contribute an extra $120,000 into super by delaying the bring forward (option 2 in Table 5).
- If his TSB is $1.77m at 30 June 2025, which is between $1.76m and $1.88m, he will only be able to contribute up to $240,000 in 2025/26 (option 3 in Table 5), which is $360,000 over the two years and the same result as option 1.

Table 5: Example of bring forward options for higher balance client

	2024/25	2025/26	Total
If 30 June 2024 TSB is $1.5m			
Option 1	$360,000	$0	**$360,000**
If 30 June 2025 TSB is below $1.76m			
Option 2	$120,000	$360,000	**$480,000**
If 30 June 2025 TSB is between $1.76m < $1.88m			
Option 3	$120,000	$240,000	**$360,000**

Advice considerations

- It may be prudent to wait until closer to the end of the financial year before recommending clients with higher super balances defer starting a bring-forward until after 1 July. This will enable a more accurate estimate to be made of the 30 June 2025 TSB, which will impact eligibility to make NCCs and use the bring-forward rules in 2025/26.
- When estimating the 30 June 2025 TSB, it's important to allow for market movements and any contributions yet to be made in 2024/25 (eg NCCs and concessional contributions, including employer contributions).

4. Recontribute to super

Additional NCCs can be funded by cashing out some of an existing super benefit and recontributing the proceeds. To use a 'recontribution strategy', clients need to:

- have met a condition of release with a nil cashing restriction (such as retirement or reaching age 65) or have enough unrestricted non-preserved super to make a lump sum withdrawal[2], and
- be eligible to recontribute that amount into their super account as an NCC.

Key benefits of recontributing super include:

- Reducing (or eliminating) the tax to be paid by non-tax dependant beneficiaries (usually financially independent adult children) on any death benefit lump sum after the client passes away.
- Consolidating a death benefit and member interest into a single account-based pension. This is achieved by cashing the death benefit and recontributing into accumulation. This allows the death benefit received to be merged with the client's other member interests and a new pension can be commenced with the combined balance if the client meets a condition of release or has reached preservation age (can start a TTR).
- Withdrawing a death benefit, recontributing into accumulation and commencing a new pension to isolate the tax-free amount (which could be combined with another account that has only a tax-free component). This also assumes the client has met a condition of release or reached preservation age.
- Maximising the combined amount that a couple can invest in concessionally taxed superannuation pensions in retirement phase by withdrawing and contributing to the other spouse's account (see below).

More information can be found in our **Recontribution strategy and opportunities** adviser article.

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[2] Tax implications of the withdrawal need to be considered for clients under 60 or with untaxed funds.

5. Contribute to spouse's super

Where a client is a member of a couple, it may be possible for an amount withdrawn from super to be contributed to their spouse's super fund (or given to the spouse to make a personal contribution). Both these contribution options would be classified as NCCs. Key benefits that may be derived from managing super balances for members of a couple include:

- managing TSBs to enable future NCCs to be made
- keeping super benefits below the general TBC ($1.9m in 2024/25 and $2m in 2025/26), to maximise the combined amount that can be transferred into retirement phase pensions, and
- directing super money to the younger member of the couple to improve social security outcomes (as super in accumulation phase isn't assessed under the income and assets tests until age 67).

6. Defer downsizer contribution

Generally, downsizer contributions must be made within 90 days after settlement of the property sale. Where the 90 day window overlaps with the next financial year, there may be an opportunity to make the downsizer contribution in the next financial year. For example, if a client sells their property in May 2025, they can choose to make their downsizer contribution on or after 1 July 2025 and still within the 90 day downsizer contribution window. This will help keep their 30 June 2025 TSB down, which may help with making contributions next financial year that are impacted by TSB, such as NCCs and catch-up concessional contributions.

7. Other ways to manage TSB to maximise NCCs in 2025/26

There are some other strategies that could be used in 2024/25 to manage a client's 30/6/2025 TSB and enhance NCC opportunities in 2025/26. These include:

- splitting eligible CCs made or received in 2023/24 with their spouse (generally applications need to be lodged by 30 June 2025), and
- making additional withdrawals from a pension.

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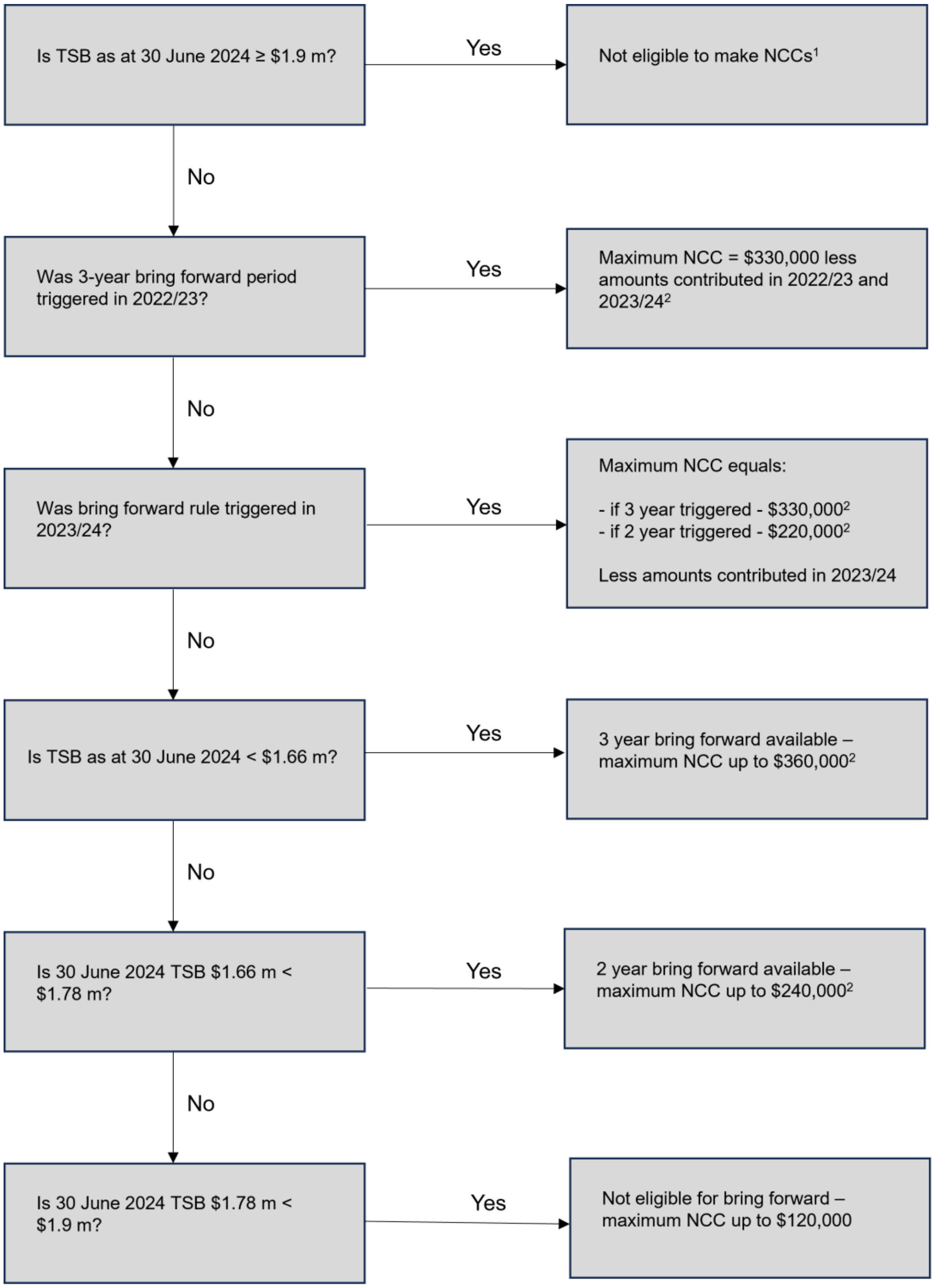
Appendix 1 - NCC and bring-forward eligibility for 2024/25

Note: This flow chart assumes that all contributions are made within 28 days after the end of the month the person turns 75. To trigger the bring-forward rule, the individual must have been aged less than age 75 on 1 July.

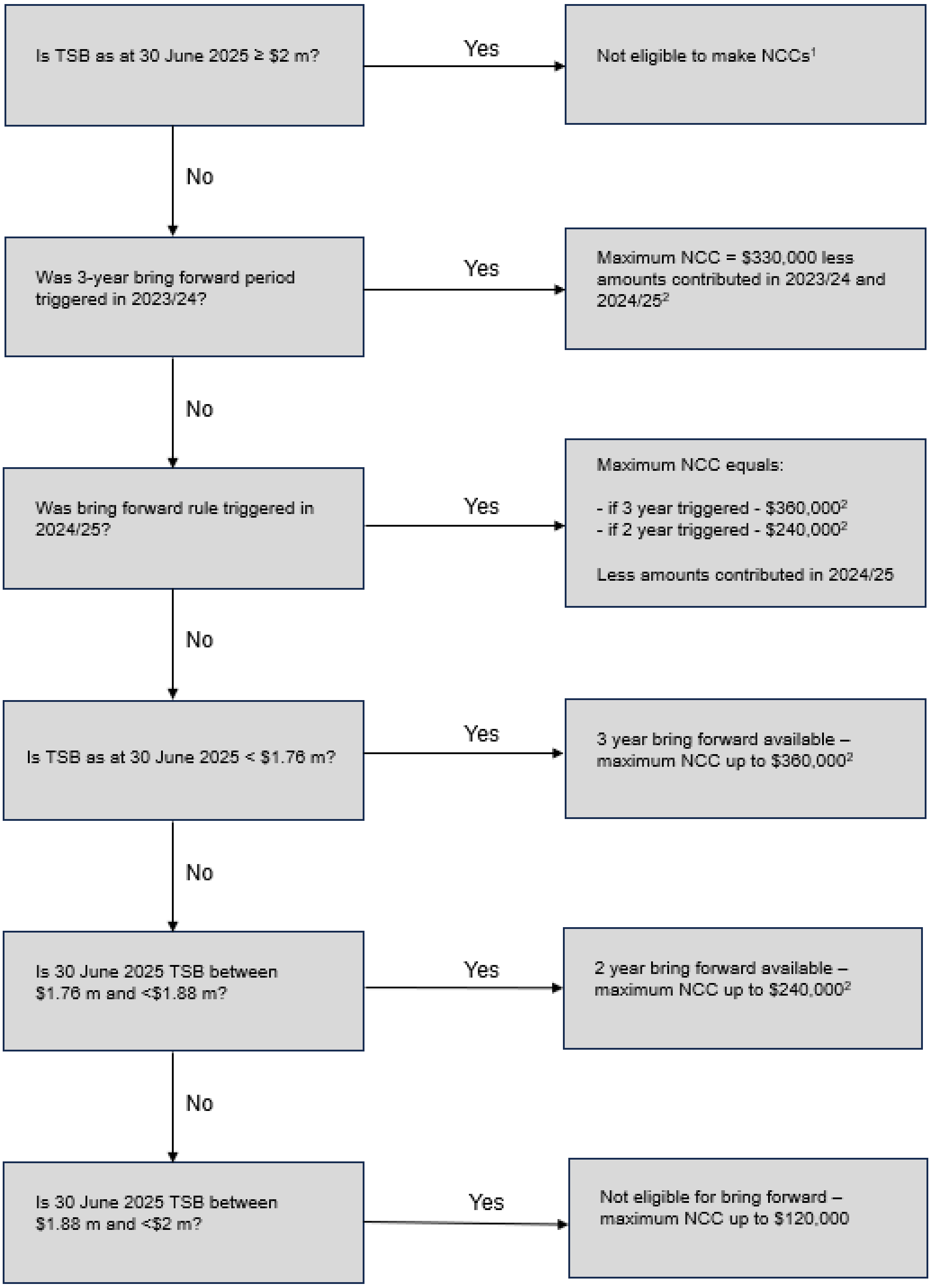


[1] Includes all NCCs, either to trigger the bring forward rule or additional contributions under a previously triggered bring forward.

[2] Additional contributions in 2024/25 and 2025/26 (if applicable) within the limit are subject to the client's TSB on each 30 June during the period being less than the general transfer balance cap at the time.

Appendix 2 - NCC and bring-forward eligibility for 2025/26

Note: This flow chart assumes that all contributions are made within 28 days after the end of the month the person turns 75. To trigger the bring-forward rule, the individual must have been aged less than age 75 on 1 July.



[1] Includes all NCCs, either to trigger the bring forward rule or additional contributions under a previously triggered bring forward.

[2] Additional contributions in 2025/26, 2026/27 or 2027/28 (if applicable) within the limit are subject to the client's TSB on each 30 June prior to each financial year during the period being less than the general transfer balance cap at the time.