Superannuation:
more relevant than ever

A range of superannuation changes that came into effect on 1 July 2026, are reinforcing the role of super as one of the most tax-effective investment structures available.

For many investors, it's not simply that super remains attractive but that the rules continue to change. Understanding these changes can help ensure your strategy takes advantage of available opportunities while staying on track with your financial goals.

A changing tax environment

Outside of super, tighter rules around the use of discretionary trusts and closer scrutiny of income distributions have reduced some traditional tax planning flexibility. Combined with the ongoing treatment of capital gains, this has made tax outcomes in non-super structures less predictable for some investors.[i]

In contrast, superannuation continues to provide favourable tax treatment. This is a key reason why super is becoming increasingly important in long-term financial planning.

Payday Super

One of the more practical changes is the introduction of Payday Super, which requires employers to pay super contributions at the same time as wages rather than quarterly.[ii]

While this is primarily an administrative shift, it can have a real impact on individuals' super balance.

More frequent contributions mean compounding begins earlier. Over time, this could lead to improved retirement outcomes. It also reduces the risk of missed or delayed contributions, which has been a concern for some employees in the past.

From a planning perspective, this change may also make it easier to track contributions and manage contribution limits more precisely throughout the year.

Higher contribution caps

From 1 July 2026, the concessional superannuation contribution cap (including employer contributions and salary sacrifice) increased to $32,500 from $30,000 in the 2025-2026 financial year. For those with the capacity to direct additional income into super, this can be a valuable strategy to reduce personal tax while increasing retirement savings.

Non-concessional caps have also increased, from $120,000 in 2025-2026 to $130,000 in the 2026-2027 financial year, enabling larger after-tax contributions. This can be particularly relevant for individuals who have accumulated savings outside super and wish to transfer funds into a more tax-advantaged environment.[iii]

Carry-forward and bring-forward rules

Two existing rules continue to offer significant opportunities when used effectively.[iv]

The carry-forward rule allows those with a total super balance below $500,000 on 30 June in the previous financial year to use unused concessional cap amounts from previous years. This can be especially beneficial for those with irregular income patterns, such as business owners or individuals returning to work after a break. A higher income year can present an opportunity to make additional concessional contributions and reduce taxable income.

The bring-forward rule allows you to make several years' worth of non-concessional contributions in one year, subject to eligibility criteria. This can be particularly useful when receiving an inheritance, selling an asset or restructuring investments.

Together, these rules provide flexibility in how and when contributions are made, allowing strategies to be tailored to individual circumstances.

Parental leave contributions

Another important development is the extension of super contributions to government-funded parental leave, introduced last year. It recognises the long-term impact that time out of the workforce can have on retirement savings, particularly for women.[v]

While the financial impact may appear modest in the short term, over time the effect of compounding can be meaningful.

For families, this change also provides an opportunity to consider broader contribution strategies, such as spouse contributions, to further support long-term outcomes.[vi]

Division 296 tax

One of the more widely discussed measures is the Division 296 tax, which applies an additional tax on earnings associated with super balances above $3 million.[vii]

While this affects a relatively small proportion of investors, it represents an important shift in the superannuation landscape. The measure is designed to target very large balances, with the objective of limiting the extent of tax concessions at higher levels of wealth.

For those who may be impacted, careful planning is essential. This may include reviewing contribution strategies, considering the structure of investments and assessing how super fits within a broader wealth strategy.

Transfer Balance Cap

The increase in the Transfer Balance Cap to $2.1 million is another positive development, particularly for those approaching or entering retirement. This cap determines how much can be transferred into the tax-free retirement phase. An increase allows more capital to benefit from a zero per cent tax rate on earnings, enhancing after-tax income in retirement.

For couples, the combined impact can be significant, potentially allowing up to $4.2 million to be held in retirement phase accounts, subject to individual circumstances.

Bringing it all together

Taken together, these changes reinforce several key themes.

First, superannuation continues to offer a compelling tax environment, particularly when compared with other investment strategies that are facing increased complexity and scrutiny.

Second, flexibility within the system remains a strength. Contribution caps, along with carry forward and bring forward rules, provide multiple pathways to build super balances over time.

Third, timing and consistency matter. Changes such as Payday Super and parental leave contributions highlight the benefits of regular, ongoing investment into super and the power of compounding.

Finally, while new measures such as Division 296 introduce additional considerations, they do not diminish the overall value of super for most investors.

Please get in touch if you'd like to discuss any of these superannuation options.

Staying focused on your strategy

During periods of change, it can be useful to step back and consider how the developments fit with your broader financial plan.

Superannuation remains a cornerstone of retirement planning in Australia. With the latest changes further enhancing its relative tax effectiveness, it continues to play a central role in helping investors build and protect wealth over time.

i https://treasury.gov.au/publication/p2026-781365

ii https://www.fairwork.gov.au/newsroom/news/payday-super-new-rules-starting-1-july-2026

iii https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/contributions-caps

iv https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/contributions-caps

v https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/how-to-save-more-in-your-super/government-super-contributions/paid-parental-leave-superannuation-contribution

vi https://www.ato.gov.au/individuals-and-families/your-tax-return/instructions-to-complete-your-tax-return/mytax-instructions/2026/tax-offsets/other-tax-offsets/super-contributions-on-behalf-of-your-spouse

vii https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/self-managed-super-funds-smsf/smsf-newsroom/better-targeted-super-concessions-is-law

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