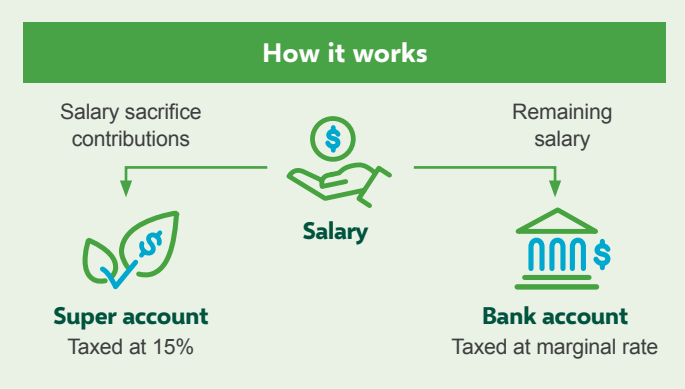
Salary sacrifice

Looking for a way to boost your super balance and reduce your tax? Salary sacrifice could be the way to go. Here's what you need to know.

What is salary sacrifice?

It's an easy and convenient way of contributing extra to your super each pay cycle by sacrificing part of your salary. Your employer makes these contributions on your behalf, on top of the super guarantee (SG) they already pay.



The benefits of salary sacrifice

You could save on tax

By sacrificing part of your salary, you're reducing your take-home pay and therefore the amount of income tax you pay. Plus, super contributions are taxed at only 15%, which is likely to be lower than your marginal income tax rate.

You're looking after future you

Even small contributions to super can make a big difference thanks to the power of compound interest. Not only can you earn interest on any returns your super makes, you also earn interest on that interest – and so on. Over time, this can help your balance grow significantly.

Case study – Matt boosts his SUPER by salary sacrificing

Matt earns $65,000 before tax, excluding his employer's super guarantee contribution. If Matt decides to redirect $5,000 of his pay into salary sacrifice super contributions, he will save $850 in tax, with the extra money going into his super fund.

Matt's income	Without salary sacrifice	With salary sacrifice
Gross salary	$65,000	$65,000
Less salary sacrifice to super	$0	$5,000
Less tax + Medicare levy	$11,588	$9,988
Take-home (net) pay	$53,412	$50,012
Matt's super	**Without salary sacrifice**	**With salary sacrifice**
Employer super contribution	$7,800	$7,800
Plus salary sacrifice	$0	$5,000
Less contributions tax	$1,170	$1,920
Net super contribution	$6,630	$10,880

Assumptions: The figures used in this table are estimates only and are based on 2026-27 income tax rates and a Medicare Levy of 2%. Employer super contributions remain the same after salary sacrifice.

In this scenario, Matt's take-home pay will drop by $3,400, he will save $1,600 in tax on income and he will have an extra $4,250 in his super account. **Overall, Matt will pay $850 less tax by using salary sacrifice:**

Matt's income	Without salary sacrifice	With salary sacrifice
Income tax	$11,588	$9,988
Contributions tax*	$1,170	$1,920
Total tax payable	$12,758	$11,908
Tax saving		**$850**

*The amount of contributions tax shown above is a nominal amount based on 15% of your concessional contributions.

How to set up a salary sacrifice arrangement

1. Talk to the payroll team at your workplace. They should be able to set this up for you.
2. Get everything in writing, including the date the arrangement starts and the percentage or amount of salary you've chosen to sacrifice from each pay run. This way both you and your employer have something to refer to if you want to make changes later or need to check what's been agreed.

What else should you know about salary sacrifice?

It's not right for everyone

If you're earning less than $45,000 per year, salary sacrifice may not be right for you. That's because the difference between the 15% tax on super contributions and your income tax rate shrinks to just a few percent.

There may be a better option for you, such as the super co-contribution. To see if you're eligible go to **firstsuper.com.au/super-co-contribution**.

Contribution caps apply

You can only contribute $32,500 to super before tax each financial year. This includes salary sacrifice, SG contributions and personal tax-deductible contributions. Check your transactions anytime in your firstonline account by going to **firstsuper.com.au/login**.

Workplace and tax rules may affect you

- Not every workplace allows salary sacrifice. If you can't contribute this way, personal tax-deductible contributions may be another option.
- As salary sacrificing effectively lowers your take-home pay, some employers may want to reduce your benefits (such as holiday loading and overtime) proportionally. Make sure you reach an agreement where your benefits are calculated based on your original salary.
- As your employer is making these contributions for you, you can't claim deductions or tax offsets for salary sacrifice amounts. Nor do these amounts count as fringe benefits.

Frequently asked questions

Does my employer still have to pay SG?

Yes. As long as you qualify for super your employer must pay at least 12% (the current SG rate)[1] towards your super, regardless of any other arrangement you have in place.

How much should I contribute?

This comes down to how much you can spare from your salary and what level of contribution will be most tax effective for you. For help working this out, why not contact our Financial Advice Team[2]? Advice about salary sacrifice is part of your membership, so you won't pay any extra fees for this service. Go to **firstsuper.com.au/advice** to find out more.

Alternatively, the Super Contributions Optimiser gives you an idea of how much to contribute for the biggest boost to your super. Explore your contribution options at **firstsuper.com.au/calculators**.

Am I locked into my salary sacrifice arrangement?

No. The only limitation may be how frequently your workplace is happy to adjust your arrangement. But you can change your salary sacrifice contributions at any time.

Should I salary sacrifice before retiring?

Salary sacrifice can be a great way to give your super a boost before you stop working. But we would recommend seeking help from a First Super Financial Adviser[2] if you want to salary sacrifice as part of your retirement plan.

[1] As at July 2026.

Want to know more? We're here to help.

If you would like to discuss salary sacrifice, or have any other questions about your super, please contact Member Services today.

1300 360 988 **mail@firstsuper.com.au** **firstsuper.com.au/advice**

Watch our FIRSTtalk videos about salary sacrifice at **firstsuper.com.au/first-talk**.

The material contained in this document is accurate and reliable as at July 2026.

[2] First Super financial advisers are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 915, AFSL 232514).

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