2026–27 Federal Budget

Superannuation Fact Sheet

Three Superannuation Changes Taking Effect From 1 July 2026

13 May 2026

This Budget confirms three superannuation changes that take effect from 1 July 2026. Unlike many of the other Budget measures, these are not just proposals — two of them are already law, and all three have practical implications that need to be addressed before 1 July.

1. Additional Tax on Large Super Balances — Already Law

From 1 July 2026, if your total superannuation balance across all funds exceeds $3 million, the earnings attributable to the portion above that threshold will be taxed at higher rates. This legislation received Royal Assent on 13 March 2026 — it is law.

The tax is tiered:

- Earnings on the portion of your balance between $3 million and $10 million attract an additional 15% tax, bringing the total rate to 30%.
- Earnings on the portion above $10 million attract an additional 25%, bringing the total rate to 40%.

How it works in practice.

- The tax is calculated on the fund's adjusted taxable income attributable to the portion above $3 million — not on unrealised gains. An earlier version of the legislation proposed taxing unrealised gains, but this was removed before the law passed.
- The ATO will calculate and issue the assessment. You have 84 days to pay, and can choose to release funds from your super account to meet the liability rather than paying from personal savings.
- The $3 million threshold is indexed to CPI and will increase over time in line with inflation.

	BEFORE (current rules)	AFTER (from 1 July 2026 — law)
Balance: $4 million	All earnings taxed at 15%	**$3M portion: 15% tax. $1M portion (between $3M–$10M): 30% total tax.**

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Balance: $12 million	All earnings taxed at 15%	**$3M: 15%. $7M (between $3M–$10M): 30%. $2M (above $10M): 40%.**
Tax calculation	Through fund tax return	ATO issues personal assessment. 84 days to pay. Can be paid from super.
Threshold indexed?	N/A	Yes — indexed to CPI and will increase over time.

What you should do:
If your balance is approaching or over $3 million, please contact us before 1 July 2026. We can review your fund's assets, model the likely tax, and help you consider whether any action makes sense before the measure takes effect.

2. Transfer Balance Cap Increase — From 1 July 2026

The transfer balance cap — the maximum amount you can hold in a tax-free retirement phase pension account — increases from $2.0 million to $2.1 million from 1 July 2026.

Who does this affect?

This matters if you have previously been restricted from moving your full intended balance into retirement phase because you have already reached the $2.0 million cap, or if you are planning to commence a retirement phase pension in the near future. The additional $100,000 capacity may allow you to move more into the tax-free environment.

If you are already at the cap and are considering acting on this increase, please seek advice before doing so — the rules governing increases to existing retirement phase balances are specific and need to be carefully managed.

What you should do:
If you are near the current cap or planning to start a retirement phase pension, please contact us before 1 July 2026. There may be a planning opportunity worth acting on in time.

3. Payday Super — For Employers

From 1 July 2026, employers must pay superannuation contributions at the same time as wages. Contributions must reach the employee's fund within seven business days of each pay date. This replaces the current quarterly payment cycle.

This is a significant operational change for businesses that have managed cash flow by deferring super payments. Payroll systems need to be updated and tested before 1 July 2026 — this is not something to leave to the last week of June.

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If you receive super as an employee.

From 1 July 2026, you can expect to see superannuation contributions appearing in your fund account much more regularly — roughly in line with each pay cycle rather than quarterly. If contributions are not appearing promptly after your pay date, you should raise it with your employer or contact us.

For employers — action required now:

Contact your payroll software provider immediately to confirm your system will be compliant by 1 July 2026. If you are unsure, please call us and we will help you work through what needs to change before the deadline.

Disclaimer: This fact sheet provides general information only based on the 2026–27 Federal Budget announcements of 12 May 2026 and superannuation legislation as at the date of publication. It is not a substitute for professional advice tailored to your individual circumstances. Please seek independent advice before taking any action in relation to your superannuation.

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