

# WHAT IS THE WORK TEST?

The superannuation contribution work test is often a misunderstood requirement despite the core of the test remaining unchanged for many years. Essentially, before a trustee of a superannuation fund can accept a voluntary member contribution from age 67 to age 74, the member must meet the work test.

The work test requires a member to be gainfully employed for at least 40 hours in a period, if not more than 30 consecutive days during the financial year a contribution is made, before making the contribution. This is the minimum condition, and there is no maximum.

Gainfully employed can be employed or self-employed for a gain or reward in any business, trade, profession, vocation, calling, occupation or employment. The definition of "gain and reward" is particularly broad and does not limit itself to salary or wages. It includes business income, bonuses, commissions, fees or gratuities, in return for personal exertion. Unpaid work, or charity work, does not qualify.

How quickly and over what period the test is satisfied is not relevant as long as it is met once during the financial year. For example, a member can satisfy the test by working one full week, eight hours a day or ten hours a week for four weeks.

Receiving income for assisting family members such as babysitting or gardening does not usually meet the definition of gainful employment. The ATO generally view these cases as domestic arrangements and therefore, superannuation fund trustees would be unlikely to accept these activities for work test purposes.

Additionally, receiving passive income from a share or property portfolio would also not meet the work test requirement.

Where a member is 66, turning 67 during the financial year, they can contribute before their birthday without the need to meet the work test. If the contribution is made post the member's birthday, the work test is necessary.

For members turning 75 during a financial year, where the work test was satisfied before the member's 75th birthday, a contribution can be made if it is received by the fund within 28 days, after the end of the month when the member turns 75.

## What evidence is required?

Most super funds and SMSF auditors require a Work Test Declaration, occasionally in the form of a tick box, that you have met the work test. The member is responsible for being able to prove the test has been met.

There is no set evidence list that must be maintained and it does depend on whether the member is an employee or self-employed, however, the existence of PAYG summaries, employment contracts, confirmation of superannuation guarantee contributions would be expected.

Any evidence should be recorded and retained by the member in the event of an ATO audit. If the ATO is not satisfied with the evidence then the contribution may be disallowed.

## What is the work test exemption?


Since 1 July 2019 recent retirees may be able to make voluntary and personal contributions for an additional financial year. The work test exemption applies where the:

- Member is between ages 65 and 74,
- Has a total superannuation balance below \$300,000 as at 30 June the previous financial year, and
- The member met the work test the previous financial year.

The work test exemption may only be relied on once in a lifetime. A member cannot use the exemption, return to work, and then use the exemption again in a later financial year.

## Get in touch

Understanding the work test and its various considerations is vital prior to making any contributions after age 67. If you would like to discuss this further, please contact your Bell Potter adviser.



### Jeremy Tyzack

Head of Technical Financial Advice  
Bell Potter Securities

---

Bell Potter's technical financial advice team can put together a strategy designed to help you achieve your retirement objectives.

Working with you and your Bell Potter Adviser, we can help with most financial aspects of retirement, including:

- Identifying your financial goals
- Structuring your existing assets appropriately
- Identifying your approach to investment and your appetite for risk, and
- Reviewing your current superannuation arrangements.

To create a tailored investment plan based on your needs and objectives call your adviser or 1300 0 BELLS (1300 0 23357).

---

IMPORTANT INFORMATION: This information was prepared by Bell Potter Securities Limited ABN 25 006 390 772 AFSL 243480 (Bell Potter) for use by Australian residents. This information is of a general nature and does not take into account your personal objectives, situation or needs. Before making a decision about investing, you should consider your financial requirements and if necessary, seek appropriate independent financial, legal, taxation or other advice. This information is believed to be correct at the time of compilation but is not guaranteed to be accurate, complete or timely. Bell Potter and its related bodies corporate do not accept any liability arising out of the use or distribution of this information. Shares should be considered a long-term investment which may be volatile over the short term and may fall in price. Past performance is not a reliable indicator of future returns.