

# Super on Paid Parental Leave

November 2024

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*Legislation enabling super to be paid on Commonwealth funded Paid Parental Leave has now passed. First announced earlier in the year (2024), the payment of superannuation aims to assist in reducing the impact of parental leave on retirement outcomes. This additional initiative expands on the improved Paid Parental Leave scheme and is summarised below.*

The processes applying to the ordinary Government Paid Parental Leave (PPL) system is unchanged. Services Australia is responsible for this task. The new rules for super payments commence from 1 July 2025.

This means that eligible parents with babies born or adopted on or after 1 July 2025 can receive a contribution to their nomination super fund account (on top of their total PPL).

A benefit of the Paid Parental Leave super contribution scheme relates to how it is processed. Individuals will not need to apply for the additional payment, as this will be automatically assessed and paid by the Australian Tax Office (ATO), stemming from information provided by Services Australia.

The annual super contribution will be comprised of:

1. A superannuation guarantee rate of 12% on the PPL payments received, plus
2. An interest amount to represent forgone earnings.

The interest component applies because this particular super contribution is paid annually. Therefore, the ATO will distribute the first payments from July 2026.

Amounts that are contributed to super will be recorded under the concessional contribution cap. Concessional contributions are taxed in superannuation at a rate of 15%.

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