HOW MUCH IS ENOUGH IN RETIREMENT?

Australians can generally expect to live for another 20 years or so after they retire. How much money is needed to adequately fund the golden years?

This document provides some additional information to help you understand the financial planning concepts discussed in your Statement of Advice (SOA).

What is gearing inside superannuation?

Gearing – borrowing to invest – can be applied in a superannuation context in two distinct ways. This fact sheet explains the first: borrowing personally to fund a contribution into a complying super fund. The second approach – borrowing within a self-managed super fund (SMSF) under a limited recourse borrowing arrangement – is a separate and distinct strategy and is not covered here.

When you borrow personally to contribute to super, you take out a personal loan outside the super environment, contribute the proceeds to your super fund, and repay the loan from your personal cash flow. Your super fund then invests the contribution in accordance with its investment mandate or your elected investment options.

This approach is sometimes considered where a time-sensitive contribution opportunity exists – for example, where future contributions may be constrained by contribution caps, eligibility rules, or a declining total super balance (TSB) threshold. It is not a broadly recommended strategy. The costs, risks and access restrictions must be carefully weighed before proceeding.

This is general information only
This document does not constitute personal financial, tax, credit or legal advice. Your individual circumstances – including your income, debt position, contribution history, total super balance and time horizon – must be assessed by a qualified professional before any borrowing strategy is considered.

How the strategy works

The following process describes the typical sequence when borrowing personally to make a super contribution. Each step assumes relevant caps, eligibility and fund acceptance have been confirmed in advance.

1	**Loan established** You arrange a personal loan with a lender. The loan is in your name and sits outside the superannuation environment. Security arrangements (if required) are agreed at this stage.
2	**Contribution made** Loan proceeds are contributed to your complying super fund. The contribution must fit within the applicable annual contribution cap and eligibility rules for the financial year in which the fund receives it.
3	**Fund invests** Your super fund invests the contribution according to your investment options. Investment returns – including income and capital gains – are generated at the fund level, not personally by you.

4	**Loan repaid from personal cash flow** You repay the loan (principal and interest) from your personal income and assets. Repayments cannot be sourced from your preserved super benefits unless a valid condition of release has been met.
5	**Super remains preserved** Your super balance grows (or falls) with investment performance. The contribution is preserved inside the fund and is generally not accessible until you meet a condition of release – most commonly reaching age 60 and ceasing an employment arrangement.
6	**Condition of release met** Once a valid condition of release is met – such as retirement after reaching preservation age (currently age 60 for all individuals) or reaching age 65 – you may access your super balance as a lump sum or income stream.

Source: Australian Taxation Office, Conditions of release, 2026. https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/withdrawing-and-using-your-super/super-withdrawal-options

Contribution caps and eligibility — 2026–27

Any amount contributed to super must fit within the applicable contribution cap for the financial year in which the fund receives the contribution. Cap breaches attract additional tax. Eligibility to contribute depends on age, total super balance and, for some contribution types, work status.

Contribution type	2026–27 annual cap	Key conditions
Concessional (before-tax)	$32,500	Includes employer SG, salary sacrifice and personal deductible contributions. Unused amounts from prior years may be carried forward if TSB < $500,000 at the previous 30 June (five-year rolling window).
Non-concessional (after-tax)	$130,000	Available only if TSB < $2.1 million at 30 June 2026. Cap is nil if TSB ≥ $2.1 million.
Age eligibility to contribute	Under 75	Individuals aged 67–74 must also satisfy the work test (gainfully employed at least 40 hours over 30 consecutive days in the financial year) or the work test exemption for voluntary personal contributions.

Source: Australian Taxation Office, Contributions caps, 2026. https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/contributions-caps

Contribution cap risk
If borrowed funds are contributed and the amount breaches the applicable cap, excess contributions are subject to additional tax. This cannot be undone by repaying the loan. Caps, eligibility, fund acceptance and any existing bring-forward periods must be confirmed before funds are borrowed.

Personal borrowing versus borrowing within an SMSF

These are fundamentally different strategies. The table below outlines the key distinctions.

Feature	Borrowing personally to contribute	SMSF limited recourse borrowing arrangement (LRBA)
Borrower	The individual	The SMSF trustee
Loan sits with	The individual (outside super)	The SMSF (inside super)
Asset sits with	The super fund (contribution)	A bare trust holding the asset for the SMSF
Who pays interest	The individual, from personal cash flow	The SMSF, generally from fund income
Interest deductibility	Generally non-deductible to the individual. The investment income flows to the super fund, not to the borrower personally – so a personal deduction is not ordinarily available.	May be deductible within the SMSF to the extent it relates to assessable income of the fund. Specific tax advice required.
Access to the investment	Super contribution is preserved; not accessible until a condition of release is met	Asset held in bare trust; becomes SMSF property on loan repayment. Preserved under super law.
Security and default	Personal assets may be at risk if the loan is secured against them. Super fund assets are not directly at risk.	Lender's recourse is limited to the asset held in the bare trust; other fund assets are protected.
Key compliance issues	Contribution caps, eligibility, fund acceptance, timing	SIS Act LRBA rules, sole purpose test, related party rules, SMSF investment strategy

Source: Australian Taxation Office, Self-managed super funds – borrowing or investing using instalment arrangements, 2026. https://www.ato.gov.au/businesses-and-organisations/super-for-employers/self-managed-super-funds-smsfs/in-detail/smsf-resources/smsf-technical/self-managed-super-funds-borrowing-or-investing-using-instalment-arrangements

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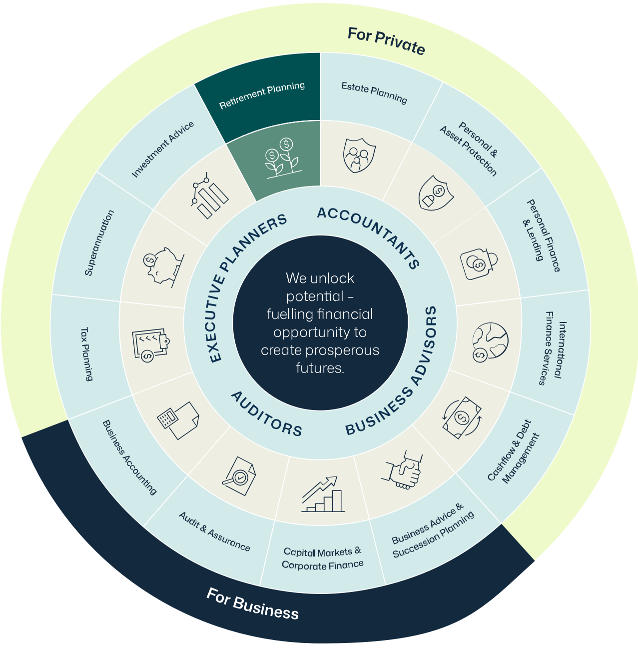
"After all, 'If everyone is moving forward together, then success takes care of itself." – Henry Ford



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SOURCES AND FURTHER INFORMATION:

ASIC Moneysmart – Borrowing to invest – https://moneysmart.gov.au/how-to-invest/borrowing-to-invest

All rates, caps and thresholds in this fact sheet are current as at the 2026-27 income year unless otherwise stated, and may change. Confirm current figures before relying on them.

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All information is as at 01 July 2026