

# BOOST YOUR SUPER CONTRIBUTIONS

## INCREASE YOUR RETIREMENT SAVINGS AND TAKE ADVANTAGE OF GOVERNMENT INITIATIVES SUCH AS THE GOVERNMENT CO-CONTRIBUTION AND THE SPOUSE CONTRIBUTION TAX OFFSET.

### GOVERNMENT CO-CONTRIBUTION

The Government Co-contribution is a scheme where the Government pays \$0.50 for every \$1 that an eligible person contributes (up to a maximum of \$500) into super.

The amount of the co-contribution depends on your assessable income – the less you earn, the more you will get from the Government. The maximum co-contribution the Government will pay is \$500 per year.

You may be eligible for a co-contribution if you:

- make an after-tax contribution (non-concessional contribution) in the financial year prior to 30 June
- did not exceed your non-concessional contributions cap for that year
- earn 10% or more of your income from eligible employment, running a business, or a combination of both
- are a permanent resident aged under 71 at the end of the financial year in which you make the contribution
- lodge a tax return for the relevant financial year that you have made the contribution
- earn less than \$51,813 (2017/18) per year (including assessable income, fringe benefits and super contributions)
- have a total superannuation balance<sup>1</sup> less than the general transfer balance cap for that year (\$1.6 million for 2017/18).

YOUR TOTAL INCOME	CO-CONTRIBUTION AVAILABLE	YOUR CONTRIBUTION
\$36,813 or less (lower income threshold*)	\$500	\$1,000
\$39,813	\$400	\$800
\$42,813	\$300	\$600
\$45,813	\$200	\$400
\$48,813	\$100	\$200
\$51,813 or more (higher income threshold)	\$0	

Source: ATO, co-contribution income thresholds for 2017-18

\* For every dollar you earn above the lower income threshold, your maximum entitlement is reduced by 3.33 cents.

### HOW CAN I RECEIVE THE GOVERNMENT CO-CONTRIBUTION?

The government will calculate how much you are entitled to using the information included in your tax return. Assuming you're eligible, the government will pay the co-contribution directly to your superannuation fund.

## SPOUSE CONTRIBUTION TAX OFFSET

Spouse contributions involve making a contribution to your spouse's super account for which you may receive a tax offset of up to \$540. Introduced by the Government to encourage couples to save for their retirement, spouse contributions are a tax-effective way to add to your spouse's super account.

Spouse contributions are ideally suited to couples where one has a low or no income, or where one has a much higher super balance than the other.

Eligible couples must be married or defacto (same-sex couples are included) and must be Australian residents when the contributions are made.

The contributing spouse can be of any age, however the receiving spouse must be under the age of 65, or if they are between ages 65 to 70, they must have worked for at least 40 hours within a consecutive 30-day period.

You will not be entitled to the tax offset if the receiving spouse:

- exceeds their non-concessional contributions cap for the relevant year, or
- has a total superannuation balance<sup>1</sup> equal to or exceeding the general transfer balance cap (\$1.6 million for 2017/18) immediately before the start of the financial year in which the contribution was made.

<sup>1</sup> Total superannuation balance – is generally the withdrawal value of all your superannuation, including any accumulation, transition to retirement and pension accounts.

Spouse contributions count as non-concessional contributions which means they are included in your spouse's non-concessional contributions cap.

SPOUSES INCOME*	TAX OFFSET FOR CONTRIBUTING SPOUSE
Under \$37,000	Lesser of: <ul style="list-style-type: none"><li>• spouse contribution x 18% or</li><li>• \$540</li></ul>
Between \$37,000 and \$40,000	18% of the lesser of: <ul style="list-style-type: none"><li>• \$3,000 – (assessable income – \$37,000) or</li><li>• spouse contribution</li></ul>
\$40,000 and over	Nil

\* Includes assessable income plus reportable fringe benefits plus reportable superannuation contributions

## HOW CAN I RECEIVE THE SPOUSE SUPER CONTRIBUTION TAX OFFSET?

The contributing spouse claims the spouse contribution tax offset in their tax return for the year the contribution is paid.

## BENEFITS OF “BOOST YOUR SUPER” STRATEGIES

- Improve your ability to accumulate wealth. Earnings within superannuation are taxed at 15% (this may be lower than your marginal tax rate which you would pay outside of superannuation). With its favourable tax environment, super provides more fertile ground for wealth to accumulate than if you were to invest the same money outside of super.

- Factors such as interrupted work patterns and changes in occupation can make it difficult for one partner to accumulate enough superannuation for retirement. Spouse contributions and Government Co-contributions can assist to equalise superannuation balances between couples, to maximise income in retirement.
- Additional Contributions can assist to cover insurance premiums paid through superannuation in a way to effectively manage your cash flow.

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## MORE INFORMATION

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