

Government Super co-contribution scheme



An Australian Government initiative to help you save more for your retirement.

What is the Government co-contribution scheme?

Under the scheme, the co-contribution is a payment the Government makes to your super if you are in the low to middle income threshold and make voluntary after-tax contributions to your super. Receiving \$1.50 for every after-tax dollar is a significant incentive for you to contribute to your super.

Who is eligible?

You are eligible for the co-contribution if, in an income year (1 July to 30 June):

- › You make personal, after-tax superannuation contributions by 30 June to a complying superannuation fund or retirement savings account (RSA).
- › Your total income is less than \$58,980.
- › 10% or more of your total income is from carrying on a business, eligible employment (i.e. employment where you are treated as an employee for Superannuation Guarantee purposes) or a combination of both.
- › You are under 71 years of age at the end of the income year.
- › You don't hold a temporary resident visa at any time during the income year.
- › You lodge an income tax return for the relevant income year.
- › You are self-employed and earn at least 10% of your income from your business and/or eligible employment (conditions apply).

What is total income?

Total income is defined as assessable income and reportable fringe benefits.

For assessment against the \$58,980 threshold, total income is reduced by deductions for carrying on a business. These deductions do not include work-related employee deductions or deductions that are available to eligible individuals (including the self-employed) for their personal superannuation contributions.

However, to determine eligibility for the co-contribution under the "10% rule", total income is not reduced by business deductions.

How is the co-contribution calculated?

The co-contribution amount depends on how much you contributed and your total income for the financial year ending 30 June. This table shows the co-contribution amounts payable in 2007/2008 for people on a range of incomes:

Assessable income PLUS reportable fringe benefits	Maximum Co-contribution per \$1,000 contributed
\$28,980 or less	\$1,500
\$30,980	\$1,400
\$32,980	\$1,300
\$36,980	\$1,100
\$38,980	\$1,000
\$40,980	\$900
\$50,980	\$400
\$58,980 or more	Nil

How can you make personal after-tax super contributions?

You can make personal after-tax contributions any time before the end of the financial year. Your super fund can tell you your options which may include:

- › Payroll deduction (ask your employer)
- › Cheque
- › BPAY® or EFT (Electronic Funds Transfer).

How will the Government pay your super co-contribution?

You don't need to claim the co-contribution because if you qualify and submit a tax return for the year ending 30 June, the Government will automatically forward the co-contribution amount to your super fund. It might take a few months for the money to be deposited into your account, and in some cases, you may need to inform the Tax Office of which fund to send it to. You will receive a confirmation letter once completed.

How does it work?

Meet Tracey

Tracey is 44 years old and earns an annual salary of \$32,980. She makes personal contributions to her super in addition to the compulsory 9% super guarantee she must pay. Because Tracey's income is less than \$58,980, her personal after-tax contributions of \$1,000 per year will attract a co-contribution payment of \$1,300 – a real super boost.

This example is only for illustrative purposes and we advise you to seek your financial adviser's advice before making an investment decision.

Would you like more information?

Contact your ANZ Financial Planner who can provide you with information so you can make the decision that is right for you.