

Co-contribution

You might have heard about the super co-contribution—an incentive offered by the Australian Government to encourage you to save for retirement—but how does it work?

The government will put in \$1 for every \$1 you contribute to super (up to a maximum of \$1000), if you are employed and your total income is less than \$31,920 p.a. The co-contribution gradually lessens for incomes above \$31,920 p.a. before cutting out completely for incomes of \$61,920 p.a. or more.

Who is eligible?

To be eligible for the co-contribution you need to meet all of the following:

- > make a voluntary (after-tax) contribution to your super, not salary sacrificed, by 30 June
- > have a total income (assessable income plus reportable super contributions, including salary sacrifice contributions) of less than \$61,920 p.a.
- > earn 10% or more of your total income from employment where you are treated as an employee for superannuation purposes, carrying on a business or a combination of both
- > lodge an income tax return
- > be less than 71 years old at 30 June
- > not be a temporary resident

How much co-contribution can I receive?

Total income p.a.	Maximum co-contribution	Voluntary contribution required	Total income p.a.	Maximum co-contribution	Voluntary contribution required
\$31,920 or less	\$1000	\$1000	\$47,000	\$497	\$497
\$32,000	\$997	\$997	\$48,000	\$464	\$464
\$33,000	\$964	\$964	\$49,000	\$430	\$430
\$34,000	\$930	\$930	\$50,000	\$397	\$397
\$35,000	\$897	\$897	\$51,000	\$364	\$364
\$36,000	\$864	\$864	\$52,000	\$330	\$330
\$37,000	\$830	\$830	\$53,000	\$297	\$297
\$38,000	\$797	\$797	\$54,000	\$264	\$264
\$39,000	\$764	\$764	\$55,000	\$230	\$230
\$40,000	\$730	\$730	\$56,000	\$197	\$197
\$41,000	\$697	\$697	\$57,000	\$164	\$164
\$42,000	\$664	\$664	\$58,000	\$130	\$130
\$43,000	\$630	\$630	\$59,000	\$97	\$97
\$44,000	\$597	\$597	\$60,000	\$64	\$64
\$45,000	\$564	\$564	\$61,920	\$0	\$0
\$46,000	\$530	\$530			

Total income is your assessable income plus reportable fringe benefit amounts and reportable superannuation contributions (including salary sacrificed amounts).

The maximum co-contribution reduces by \$0.03333 for each \$1 of income above \$31,920 p.a. If your total income (TI) is different to the examples above, you can work out how much you may be entitled to by using the Australian Taxation Office calculator at www.ato.gov.au, or:

$\$1000 - [(TI - \$31,920) \times 0.03333] = \text{maximum co-contribution amount}$

What do I need to do to take advantage of the co-contribution?

There is no need to apply for the co-contribution. At the end of each financial year the ATO assesses eligibility based on your tax return and information provided by your super fund. The co-contribution will usually be paid to the super fund that has received those voluntary contributions. If you have made voluntary contributions to more than one fund you can nominate where the co-contribution should be sent. A nomination form is available from the ATO.

Does the 6% standard member contribution qualify for the co-contribution?

Some LGsuper members will already be making eligible contributions by contributing 6% of their salary from their after-tax pay. These contributions qualify for the co-contribution. If you do not make the 6% standard member contribution or are salary sacrificing from your before-tax pay, you will need to make an additional voluntary contribution after tax to receive the co-contribution.

How is the co-contribution taxed?

The co-contribution will not be taxed on entry to LGsuper, or when withdrawn from super.

Any questions?

LGsuper is here to help. Contact us on 1800 444 396 to talk through your options and have your questions answered.

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