

Government Superannuation Co-contribution

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

What is the Government co-contribution?

The co-contribution is a payment the Government makes.

to your superannuation if you are in the low to middle income thresholds, make voluntary after-tax contributions to your super, and satisfy other eligibility criteria.

Generally, income thresholds are indexed each year and the matching rate is up to \$0.50 for every \$1 you contribute (up to a maximum of \$500). This is an incentive for you to contribute to your super.

Who is eligible?

- You are eligible for the co-contribution if, in a financial 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 \$56,112 (2021/2022)¹.
- you receive at least 10% of your total income from eligible employment or carrying on a business, or a combination of both².
- you are under 71 years of age at the end of the financial year.
- you don't hold a temporary resident visa at any time during the financial year except where a temporary visa holder.
- is also a New Zealand citizen or holder of a subclass 405 (Investor Retirement) or subclass 410 (Retirement) visa you lodge an income tax return for the relevant financial year.
- your non-concessional contributions for the financial year do not exceed your non-concessional contributions cap.
- your total superannuation balance at 30 June of the previous financial year is less than \$1.7 million.

What is total income?

Total income is defined as assessable income plus reportable fringe benefits and reportable employer superannuation contributions (generally salary sacrifice contributions).³

Notes:

1. If you are a self-employed individual, allowable business deductions reduce your assessable income when determining whether your total income is less than \$56,112 for the purposes of calculating the amount of co-contribution payable.
2. When determining the 10% test do not reduce the business and total income by the tax deductions you qualify for as a result of carrying on a business. Reportable employer super contributions count as income from eligible employment.
3. 'Income' is generally the sum of assessable income + reportable fringe benefits + reportable employer super contributions less amounts for which the person is entitled to a tax deduction as a result of carrying on a business and less assessable first home super saver released amount. Note, that a person's share of partnership profits is included in their assessable income net of allowable partnership tax 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 approximate co-contribution amounts payable in 2021/2022 for people on a range of incomes:

Total income	Personal after-tax contribution to receive maximum co-contribution	Maximum co-contribution
\$41,112	\$1,000	\$500
\$44,112	\$800	\$400
\$47,112	\$600	\$300
\$50,112	\$400	\$200
\$53,112	\$200	\$100
\$56,112 or more	\$0	\$0

Case study – meet Tracey

Tracey is 44 years old and earns an annual salary of \$30,000. She makes \$1,000 personal contributions p.a. to her super in addition to the compulsory Superannuation Guarantee her employer pays. Because Tracey's total income is less than \$41,112 p.a. and she meets the eligibility criteria, she qualifies for a co-contribution payment of \$500 – a real superannuation boost.

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

How will the Government pay your superannuation 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 superannuation 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 Australian Taxation Office of which fund to send it to. You will receive a confirmation letter from the Australian Taxation Office once completed.

Need more information?

If you would like to discuss this further or how it might impact you, call us at Finspective on **1300 319 377**.

This document has been prepared by Actuate Alliance Services Pty Ltd (ABN 40 083 233 925, AFSL 240959) ('Actuate'), a member of the IOOF group of companies ('IOOF Group'), for use and distribution by representatives and authorised representatives of Actuate, Godfrey Pembroke Group Pty Limited, Consultum Financial Advisers Pty Ltd, Bridges Financial Services Pty Limited, Bridges Financial Services Pty Limited trading as MLC Advice, Lonsdale Financial Group Ltd, Millennium3 Financial Services Pty Ltd, RI Advice Group Pty Ltd, Shadforth Financial Group Ltd and Australian Financial Services Licensees with whom any IOOF Group member has a commercial services agreement.

Information in this document is of a general nature only and does not take into account your objectives, financial situation or needs. You should seek personal financial, tax, legal and such other advice as necessary or appropriate before relying on the information in this document or making any financial investment, insurance or other decision. If this document is provided to you in conjunction with a Statement of Advice ('SOA'), any personal financial advice relevant to the financial planning concept/strategy referred to in this document will be contained in that SOA.

Information in this document reflects our understanding of relevant regulatory requirements and laws etc as at the date of issue, which may be subject to change. While care has been taken in preparing this document, no liability is accepted by Actuate or any member of the IOOF Group, nor their agents or employees for any loss arising from any reliance on this document.

If any financial product is referred to in this document, you should consider the relevant PDS or other disclosure material before making an investment decision in relation to that financial product.