

Government superannuation co-contribution

Financial Planning Fact Sheet 02

The Superannuation Co-contribution is a helping hand from the Government to assist you to save for your retirement. If you are eligible and make a personal superannuation contribution, the Government will also make a contribution up to certain limits.

Who is eligible for the Government Co-contribution?

You may be eligible for the Co-contribution in a year of income, if:

- You make a personal contribution to a complying superannuation fund;
- Your total annual income (including salary sacrificed amounts) is less than \$52,697;
- 10% or more of your income is from eligible employment or carrying on a business;
- You lodge an income tax return for the year;
- You are less than 71 years of age at the end of the income year; and
- Your general Transfer Balance Cap has not been exceeded (currently \$1.6 million as at 1 July 2017).

How does it work?

If your total income is \$37,697 or less a year, the Government will now contribute fifty cents for every dollar you put into your super fund, up to a maximum Co-contribution of \$500 a year.

Once your income exceeds \$37,697, the level of the Government Co-contribution reduces progressively and cuts out at an income of \$52,697.

Income	Your Contribution	Govt. co-contribution
\$37,697	\$1,000	\$500
\$40,000	\$846	\$423
\$42,500	\$680	\$340
\$45,000	\$514	\$257
\$47,500	\$348	\$174
\$52,697	\$0	\$0

For example, if your income is \$45,000 and you make a personal super contribution of \$514 during the year, you will be entitled to a Government Co-contribution of \$257.

Do you need to apply for the Government Super Co-contribution?

No, you don't need to apply for the Super Co-contribution. At the end of each financial year when the Australian Taxation Office (ATO) has received your tax return and information from your super fund, they will calculate your Super Co-contribution, deposit the funds into your super fund and send you a confirmation letter.

Which super fund will the Government Co-contribution be paid to?

Unless you nominate a particular superannuation fund, your Super Co-contribution will usually be paid into the fund where you make your personal superannuation contribution.

Will the contributions be taxed?

The Super Co-contribution and your personal contributions are treated as an undeducted contribution for taxation purposes and will not be subject to any taxation when paid into your fund.

Our Financial Planning service can help you achieve your financial goals by providing an investment strategy tailored to suit your needs. We can also assist you with the implementation of the strategy, and regularly review your portfolio to ensure it continues to meet your objectives and financial situation.

For further information or to arrange an appointment with a qualified Financial Planner, please call Financial Planning on **1300 654 193** or email finplan@bankfirst.com.au.