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SUPERANNUATION CO-CONTRIBUTION

The government Co-Contribution was introduced to encourage people to become more involved in saving for their retirement. To accomplish this, the government contributes up to \$1,500 to your superannuation account if you are an eligible employee and have made a personal contribution to your superannuation during the relevant financial year.

You will be eligible for the Super Co-contribution in a year of income if:

- you make a personal superannuation contribution to a complying superannuation fund or an RSA;
- your total income (assessable income plus reportable fringe benefits) is less than \$58,000;
- 10% or more of your total income is from eligible employment
- you do not hold a temporary resident visa at any time during the year;
- you lodge an income tax return for the year
- you are less than 71 years.

To make a personal superannuation contribution, you need to add money to superannuation voluntarily. Furthermore, it needs to be an undeducted contribution which means that neither you nor your employer can claim a tax deduction on the contributed amount.

The following table gives an overview of how much you need to contribute to make full use of the government co-contribution, based on your total income: -

Your Total Income:-	You Should Contribute:-	The Government Will Contribute:-
\$28,000 or less	\$1,000	\$1,500
\$31,000	\$900	\$1,350
\$34,000	\$800	\$1,200
\$37,000	\$700	\$1,050
\$40,000	\$600	\$900
\$43,000	\$500	\$750
\$46,000	\$400	\$600
\$49,000	\$300	\$450
\$52,000	\$200	\$300
\$55,000	\$100	\$150
\$58,000 or more	Nil	Nil

The government co-contribution can make a very large impact on the amount of money available to you in your retirement. The following table shows potentially how much extra money you can have when you retire assuming you are able to make full use of the co-contribution: -

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	<u>20 Years</u>	<u>25 Years</u>	<u>30 Years</u>
Your contribution	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000
Super Balance	\$2,500	\$14,667	\$36,216	\$67,880	\$114,405	\$182,765	\$283,208

Assumes:- 8% pa after tax return, Total Income of \$28,000 or less, No inflation or changes to government legislation.

This shows that where retirement is still a few years off, the superannuation co-contribution can give your retirement savings a hefty boost. If you can take advantage of the co-contribution for 20 years, you could have an extra \$114,000 in your superannuation. However, you only would have had to contribute \$20,000 of this

yourself. If you are 30 years from retirement, there could be more than \$280,000 in superannuation, of which you only contributed \$30,000.