

Super co-contribution

The super co-contribution is a government initiative that may help you add to your retirement savings. If you make personal after-tax contributions to your super and your total income is less than \$61,920 per year, the government may make a tax-free co-contribution to your super.

You must meet certain criteria to be eligible for the super co-contribution

To qualify for the super co-contribution in a financial year, you must:

- have made one or more eligible non-concessional contributions (ie. personal after-tax contributions) to a complying super fund or retirement savings account during the financial year
- have lodged an income tax return for that financial year
- have a total income¹ of less than \$61,920² for the financial year
- receive 10% or more of your total income³ from eligible employment, running a business or a combination of both
- be less than age 71 at the end of the financial year
- not hold any temporary resident visa at any time during the financial year, unless you are a New Zealand citizen or a holder of certain prescribed visas.

Only non-concessional contributions qualify towards the co-contribution

To qualify towards the super co-contribution, you must make non-concessional contributions, ie. personal after-tax contributions where you do not claim a tax deduction.

The super co-contribution applies to non-concessional contributions made to either accumulation or defined benefit super schemes.

If you make non-concessional contributions to more than one super fund or account, these will also count towards your eligibility for the super co-contribution.

Other types of contributions such as employer contributions, salary sacrifice contributions, personal deductible contributions and spouse contributions, do not qualify towards the super co-contribution.

1- 'Total income' is defined for this purpose as your assessable income plus reportable fringe benefits plus reportable employer super contributions, less any amount for which you are entitled to a deduction as a result of carrying on a business.

2- Income threshold for the 2011-12 financial year. The lower income threshold (\$31,920) may be indexed annually; the higher threshold is the lower threshold plus \$30,000.

3- 'Total income' is defined for this purpose as your assessable income plus reportable fringe benefits plus reportable employer super contributions.

The super co-contribution amount depends on how much you contribute and your income

For every dollar of non-concessional contributions that you make, the government may match your contribution.

The maximum super co-contribution that you can receive depends on your total income¹:

- If your total income is **\$31,920 or less**, you may be eligible for up to the maximum co-contribution entitlement of \$1,000
- If your total income is **between \$31,920 and \$61,920**, the maximum entitlement reduces by 3.333 cents for every dollar of your total income over \$31,920.
- If your total income is **\$61,920 or more**, you are not eligible for the co-contribution.

Calculating the super co-contribution

The super co-contribution that may be payable in any financial year is the lesser of:

- the maximum super co-contribution amount (reduced accordingly if your income is over \$31,920), **OR**
- an amount that matches your total non-concessional contributions.

EXAMPLE If your total income for 2011-12 is \$40,000 and your non-concessional contributions for the year total \$500, your super co-contribution would be the lesser of:

Maximum entitlement calculation	= Maximum super co-contribution reduced by 3.333 cents for every dollar of income over \$31,920 = \$1,000 - [(\$40,000-\$31,920) x 0.0333] = \$1,000 - [\$8,080 x 0.03333] = \$1,000 - \$269.31 = \$730.69
Matching rate	= Your total non-concessional contributions = \$500

As the lesser of the 2 calculations, you would receive a \$500 super co-contribution in this case.

OSF. Our Super Fund

Here are some examples of the super co-contribution that may be payable based on different incomes and non-concessional contribution amounts for 2011-12:

And your total income is...	If your total non-concessional contributions for 2011-12 are...		
	\$200	\$500	\$1,000
	The Co-contribution amount is...		
\$31,920 or less	\$200	\$500	\$1,000
\$36,920	\$200	\$500	\$833
\$41,920	\$200	\$500	\$667
\$46,920	\$200	\$500	\$500
\$51,920	\$200	\$333	\$333
\$56,920	\$167	\$167	\$167
\$61,920 or more	\$0	\$0	\$0

*All figures rounded down to the nearest \$10.

To help you calculate any super co-contribution that you may be eligible to receive, a Super Co-contribution Calculator is available on the Australian Taxation Office (ATO) website www.ato.gov.au.

The ATO calculates and pays any super co-contribution

At the end of the financial year, the ATO determines if you are eligible for a super co-contribution based on your income tax details and information that the OSF (and any other super funds you have) provides about your non-concessional contributions.

If you are eligible, the ATO will generally pay the super co-contribution as follows:

- To your super account (if you only have one super fund)
- To the super account that you nominate, if you have made contributions to more than one super fund during the year (or the fund that received the most contributions if you do not make a nomination)
- To you directly, if you have retired and no longer have a super fund.

If the OSF receives a super co-contribution payment from the ATO for you (usually several months after the end of financial year), we are required to let you know. This information is usually provided on your next Periodic Statement.

Additional information you should know

- The super co-contribution is tax-free.
- The super co-contribution must be preserved under super law until you reach your preservation age and permanently retire or until you satisfy another condition of release.
- A cap of \$150,000 per financial year applies to your non-concessional contributions. Contributions above the cap will be taxed at the highest marginal tax rate. If you are under age 65, you can bring forward two years of non-concessional contributions and make total contributions not exceeding \$450,000 but you will be unable to make a further non-concessional contribution in the following two years without incurring additional tax.

OSF Investor Services

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