



# Government superannuation co-contribution

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

June 2019

## 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 \$52,697 (2018/19)<sup>1</sup>
- you receive at least 10% of your total income from eligible employment or carrying on a business, or a combination of both<sup>2</sup>
- 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 \$1.6 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).<sup>3</sup>

## 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 2018/19 for people on a range of incomes:

Total income	Personal after-tax contribution to receive maximum co-contribution	Maximum co-contribution
\$37,697 or less	\$1,000	\$500
\$40,697	\$800	\$400
\$43,697	\$600	\$300
\$46,697	\$400	\$200
\$49,697	\$200	\$100
\$52,697 or more	\$0	\$0

## 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 which fund to send it to. You will receive a confirmation letter from the Australian Taxation Office once completed.

### 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 \$52,697 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. Note, that a person's share of partnership profits is included in their assessable income net of allowable partnership tax deductions.



## 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 9.5% Superannuation Guarantee her employer pays. Because Tracey's total income is less than \$37,697 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.*

## Need more information?

**If you would like to discuss this further or how it might impact you, call your financial adviser.**

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