

FEDERAL GOVERNMENT SUPERANNUATION CO-CONTRIBUTIONS

Overview

The Federal Government introduced a scheme on 1 July 2003 to help low income earners save for their retirement. This scheme, called the co-contribution, is a payment made by the government to your complying superannuation fund. For every \$1 of personal, after-tax contributions you make to your super fund the government may contribute up to \$1.00 (in prior years it was up to \$1.50). In order to receive this valuable benefit the following eligibility criteria apply.

Eligibility Criteria

1. Your total income must be below a threshold. In the 2008/2009 financial year the threshold is \$60,342. The definition of total income includes your assessable income plus any reportable fringe benefits you may have received. If you work for yourself, then your total income is reduced by certain amounts for which you are entitled to a deduction for carrying on a business.
2. You make an after-tax, personal contribution to your super fund. This is called a non-concessional contribution as you do NOT receive a tax deduction for it.
3. At least 10% of your total income is received from paid employment and/or from carrying on a business.
4. You must lodge an income tax return in the relevant year.
5. You did NOT hold a temporary resident visa at any time during the relevant year.
6. You are under 71 years of age at the end of the financial year.

Requirements

Your super fund must hold your tax file number otherwise it is not able to accept your personal contribution in the first place.

You then make your personal contribution and lodge your individual income tax return. The super fund will report the details of your payment to the Australian Taxation Office.

The Australian Tax Office then calculates whether you are entitled to a co-contribution payment once it receives your income tax return and will make the payment to your super fund.

Examples

Sally's total income for the 2008/2009 financial year is \$30,000. She makes a \$1,000 non-concessional contribution to her complying super fund. After submitting her tax return the ATO calculates her co-contribution and sends a cheque to her fund for \$1,500 as she is eligible to receive the maximum amount of co-contribution from the Federal Government.

Tom's total income for the 2008/2009 financial year is \$50,342. He makes a \$1,000 non-concessional contribution to his complying super fund. The ATO has to calculate his co-contribution using the following formula $\$1500 - [(total\ income - \$32342) \times 0.05]$ which is \$500. The ATO sends a cheque for \$500 to Tom's super fund.

Guides

Below is a table that will give you a guide to how much you would be entitled to receive based on the contribution made to the fund and your total income in the relevant year.

Total Income	Your Contribution			
	\$1,000	\$800	\$500	\$200
	<i>Co-contribution</i>	<i>Co-contribution</i>	<i>Co-contribution</i>	<i>Co-contribution</i>
\$30,342 or less	\$1,500	\$1,200	\$750	\$300
\$36,342	\$1,200	\$1,200	\$750	\$300
\$40,342	\$1,000	\$1,000	\$750	\$300
\$46,342	\$700	\$700	\$700	\$300
\$50,342	\$500	\$500	\$500	\$300
\$56,342	\$200	\$200	\$200	\$200
\$60,342 +	\$0	\$0	\$0	\$0