

Super Contributions

Coming up to 30 June 2009, it is time to consider if a superannuation contribution is a good idea.

Salary and wage earners

Make a non concessional contribution and receive the government super co contribution subject to rules below

From 1 July 2008, you will be eligible for the co-contribution if:

- you make a personal super contribution by 30 June each year into a complying super fund or retirement savings account
- your total income is less than \$60,342 (this is indexed annually to reflect changes in average wages)
- 10% or more of your total income is from eligible employment, running a business or a combination of both
- you are less than 71 years old at the end of the year of income
- you do not hold an eligible temporary resident visa at any time during the year
- lodge your income tax return.

For the 2009 year the government super co contribution will be \$1.50 for every \$1 you contribute up to a maximum of \$1,500 ie you need to make a contribution of \$1,000 to receive the full \$1,500.

The co contribution reduces as the income increases. If your income is \$30,342 or less you will receive the full \$1.50 per \$1. As income rises to \$60,342, the amount shades out to zero. Therefore, at \$45,342, \$0.75 per \$1 will be received.

Taxpayers in business

If you need a tax deduction, a concessional super contribution may be appropriate.

Also you may be eligible for the government superannuation co contribution (see above).

Definitions: Concessional contribution - tax deductible in the tax return

Non concessional contribution - do NOT claim a tax deduction for the contribution

If you wish to discuss the tax consequences of contributing to superannuation please call or email our office.

As to how to make your contribution to your superannuation fund contact them and they will advise. Also for information with respect to how the investment will perform in the future you will need to discuss with a financial advisor.

NB as announced in the May 2009 federal budget the co contribution will decrease to \$1 per \$1 for the tax year beginning 1 July 2009.

This article provides general information only. Please do not rely upon it as it does not address individual circumstances. No guarantee or warranty of any sort is given. For more specific advice please consult your financial adviser or taxation adviser.