



Co-contributions

What is a co-contribution?

Co-contributions are special payments made by the government to superannuation accounts of members whose assessable income is less than \$60,342 and who make personal superannuation contributions from their after tax salary. They are a great way to save more superannuation if you work part time or have a lower income. Thousands of Vision Super members have already taken advantage of government co-contributions, some receiving the \$1,500 maximum.

Who qualifies for a government co-contribution?

To qualify for co-contributions in the current financial year you need to meet certain conditions, including the following:

- If you have worked during the financial year and your assessable income, including reportable fringe benefits, is less than \$60,342.
- 10% or more of your assessable income plus reportable fringe benefits is from eligible employment.
- You made personal superannuation contributions to the fund from your after tax salary.

How much is the co-contribution?

The maximum co-contribution is \$1,500 for the current financial year for members with assessable income (including reportable fringe benefits) of up to \$30,342. The maximum co-contribution decreases by 5 cents for every dollar of assessable income over \$30,342.

The co-contribution is not available to members with assessable income and reportable fringe benefits over \$60,342.

I am a Defined Benefit member.

How does it affect me?

If you are a defined benefit member your 6% member contribution from your after tax income already counts towards the co-contribution.

If your personal super contribution is:	\$1,000	\$800	\$500	\$200
And your income is:	Your super co-contribution will be:			
\$30,342 or less	\$1,500	\$1,200	\$750	\$300
\$32,342	\$1,400	\$1,200	\$750	\$300
\$34,342	\$1,300	\$1,200	\$750	\$300
\$36,342	\$1,200	\$1,200	\$750	\$300
\$38,342	\$1,100	\$1,100	\$750	\$300
\$40,342	\$1,000	\$1,000	\$750	\$300
\$42,342	\$900	\$900	\$750	\$300
\$44,342	\$800	\$800	\$750	\$300
\$46,342	\$700	\$700	\$700	\$300
\$48,342	\$600	\$600	\$600	\$300
\$50,342	\$500	\$500	\$500	\$300
\$52,342	\$400	\$400	\$400	\$300
\$54,342	\$300	\$300	\$300	\$300
\$56,342	\$200	\$200	\$200	\$200
\$58,342	\$100	\$100	\$100	\$100
\$60,342	\$0	\$0	\$0	\$0

I think I qualify, what do I have to do?

To ensure that you qualify you need to make regular after tax contributions from your pay or make a one-off contribution to the fund before 30 June in each year.

If you select the one-off method, you need to select from the options listed below:

- BPay (ring Member Services and we can give you a biller code and reference number you need to make the Contribution)
- Simply post us a cheque
- or alternatively, deposit money directly into our bank account:

Account Name: Vision Super
 Bank Name: National Australia Bank
 BSB: 083 155
 Account No.: 606456299

When depositing money into our bank account, you must identify your name and Vision Super Member Number on the deposit form/advice.

If you choose to send us a cheque, please clearly identify your membership details.

This will enable us to identify your contribution and allocate your contribution to your member account.

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Fact Sheet 2 – July 2008

Is it better to salary sacrifice or co-contribute?

As the previous table illustrates, the attraction of receiving \$1,500 for a \$1,000 investment for anyone earning less than \$30,342 a year is obvious. What is less obvious is whether it is better to salary sacrifice or take advantage of the co-contribution? The answer depends on your current tax rate and what you intend to do with your funds at retirement.

It is possible to become eligible for co-contributions by salary sacrificing. This can be achieved by using salary sacrifice to reduce your total income within the prescribed ranges.

Salary sacrifice and co-contribution can therefore be used in tandem to decrease PAYG tax and obtain the co-contribution, increasing your final superannuation benefit.

Federal Budget Changes from 1 July 2009

Co-Contributions – it was announced in the recent Federal Budget, that as from the 1 July 2009 individuals who have access to salary sacrifice to reduce their taxable income with the view of qualifying for the Government Co-contribution will be treated on an equivalent basis to those who do not salary sacrifice.

What this means for you? From July 2009 you may not qualify for the Government Co-contribution.

I would qualify, but my contributions are made under a salary sacrifice arrangement. What should I do?

Vision Super is not licensed to give personal taxation advice. The right contribution strategy for you will depend on your personal financial circumstances. If you need more help, call our Member Services team.

Tax and preservation

Co-contributions are not subject to the 15% contributions tax, but must be preserved in accordance with existing government regulations.

Salary sacrifice contributions do not qualify for a government co-contribution. Neither do spouse contributions, or contributions made by self-employed persons for which a tax deduction has been claimed.

Self-employed

The self-employed are now eligible for Government Co-contributions. From 1 July 2007, self-employed people may now qualify for a Government Co-contribution of up to \$1,500 p.a. when making personal after-tax contributions.

Who is eligible?

- A minimum of 10% of your total income must come from operating a business and/or eligible employment.
- Your total income (after any applicable deductions for operating a business) must be under \$60,342 p.a.
- You are not a temporary resident at any time during the income year in which you make the contribution.
- You are under age 71 at the end of the applicable income year.

The next steps

1. You must lodge your tax return to enable the Tax Office to calculate your assessable income and to activate the co-contribution process.
2. Vision Super is required to lodge a record of your after tax contributions with the Tax Office no later than 28 October following the end of the relevant tax year.
3. Several months later the Tax Office advises Vision Super of the amount of co-contributions to be credited to your account.
4. Vision Super will then advise you in writing of this amount.
5. If you are a defined benefit member we will deposit the monies received from the Tax Office in a special Super Saver account, which will be established in your name under your existing membership number.



We can help!

If you would like further information about co-contributions, or any of our products and services, please call our Member Services team on 9911 3222 (or 1300 300 820 for regional members).

www.visionsuper.com.au

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