

## GOVERNMENT CONTRIBUTIONS

March 2019

### CO-CONTRIBUTIONS

Co-contributions are a Government initiative to help people save for their future. For eligible customers who make a personal after-tax contribution, the Government will make a co-contribution of 50 cents for each dollar up to a certain amount.

To be eligible for a super co-contribution, you must:

- make an after-tax contribution to a super fund in the income you earn in a year (and not obtain a deduction on the contribution)
- earn at least 10% of your Total Income (assessable income, reportable fringe benefits and reportable employer superannuation contributions) from employment and/or running a business
- have a Total Income less any relevant business deductions of less than \$52,697 (2018/19)
- be under age 71 at the end of the financial year in which you make the contribution
- lodge your tax return for the year in which you make the contribution
- not be claiming a tax deduction for the contribution, and
- not be the holder of a temporary visa at any time during the income year, unless you are a New Zealand citizen or you hold a prescribed visa.

You will also not be eligible for a super co-contribution for a financial year if:

- your non-concessional contributions exceed your non-concessional contributions cap for that year; or
- at 30 June of the previous year, your total superannuation balance (including any pension balances but excluding any structured settlement amounts) is \$1.6 million or more.

### How much you could be eligible for

If you earn less than \$37,697 (2018/19) and make a \$1,000 contribution, then you may get the maximum \$500 co-contribution. As your Total Income increases, the amount of co-contribution is reduced. If you earn more than \$52,697 (2018/19), you will not get a co-contribution.

### How you will receive co-contributions

Your co-contributions will be automatically paid into your super account, but the following will need to happen before then:

- Your tax return must be lodged. When preparing your tax return, you should complete the Government super contributions labels; and
- Your super fund will lodge a record of your super contributions with the Australian Taxation Office (ATO) by 31 October.

The ATO will determine if you're eligible for a co-contribution. If you are, the co-contribution will be paid directly to the superannuation account where you made your contribution (subject to the fund rules). You can nominate another fund to the ATO if you prefer (your nomination form will need to be received by the ATO before you lodge your tax return).

The payment should be made by 30 June of the year following your personal contribution. If not, you should follow up with the ATO.

*“Customer” in this fact sheet means member of Virgin Money Super.*

### **Contributions for low income earners**

The Government may provide a Low Income Superannuation Tax Offset (LISTO) superannuation contribution for you if:

- your adjusted taxable income is \$37,000 or less
- you earn at least 10% of your Total Income from employment and/or running a business, and
- you were not a temporary resident of Australia during any part of the financial year (however, New Zealand citizens in Australia are eligible).

Your adjusted taxable income is the income also used to determine eligibility for Family Tax Benefit. It includes:

- taxable income
- adjusted fringe benefits
- net total investment losses
- reportable superannuation contributions, and
- tax free government benefits and foreign income
- less: child support you paid.

### **How you will receive the payment**

You don't need to apply for the LISTO. If the ATO determines that you are eligible, they will pay the contribution to your super account, even if you do not lodge an income tax return.

### **How much you may be eligible for**

If eligible, you will receive 15% of the concessional contributions that you or your employer paid to your super account in the prior year, up to a maximum of \$500 per year.

### **Concessional contributions**

Concessional contributions can include:

- employer contributions (including compulsory superannuation guarantee, voluntary employer contributions and salary sacrifice) from all employers
- personal contributions to super for which you have been able to claim a tax deduction
- certain allocations from reserves of a superannuation plan, and
- notional taxed contributions if you are a defined benefit super fund customer.

### **IF YOU NEED MORE INFORMATION**

You can read more about co-contributions, the LISTO, the various income measures used and concessional contributions by visiting the ATO's website at [www.ato.gov.au](http://www.ato.gov.au)

We recommend that you speak to a licensed, or appropriately authorised, financial adviser to work out how co-contributions and the LISC might apply to you.

You can also find more information about changes to super at [www.ato.gov.au](http://www.ato.gov.au).

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