

## Eligibility

The following eligibility criteria must be met in order to receive a co-contribution:

- 'total income' received in the financial year by the member must be less than the total income upper threshold (\$61,920 in 2009/2010)
- under 71 years old at the end of the financial year in which the personal contribution is made
- 10% or more of total income is received from eligible employment and/or carrying on a business
- usually only Australian residents or New Zealand permanent residents working in Australia can be eligible for the co-contribution. People who hold an eligible temporary resident visa at any time during the applicable financial year are ineligible to receive the contribution
- non-concessional superannuation contributions are made to a complying superannuation fund or Retirement Savings Account
- an income tax return for the financial year in which the personal contributions are made must be lodged

## What is 'total income'?

Total income is the total of assessable income and reportable fringe benefits amount.

- it is not taxable income, as it includes other items in addition to taxation income.
- tax deductions do not increase eligibility
- assessable capital gains (discounted if applicable) are included in assessable income and therefore total income
- the taxable component of superannuation lump sums, employer termination payments and income stream pension payments are part of assessable income.
- Salary sacrificed employer contributions and negotiable fringe benefits form part of total income.
- Mandatory employer superannuation contributions, do not count towards total income

## Co-contributions rates and thresholds

The following rates and thresholds apply for the 2009/2010 financial year

Lower total income threshold	Upper total income threshold	Maximum government co-contribution	Maximum co-contribution reduction factor
\$31,920	\$61,920	\$1,000	\$0.03333 for each \$1 income over lower income threshold

## Quick Facts

- the Government co-contributes \$1 for every \$1 of eligible personal contributions, up to \$1,000
- the maximum co-contribution reduces by \$0.03333 for every \$1 of total income above the lower total income threshold
- where total income is greater than the lower threshold, and non-concessional contributions are made, the amount of co-contribution is the lesser of:
  - \$1,000—[(total income—lower total income threshold) x 0.03333]
  - non-concessional contribution x \$1
- The lower threshold is indexed annually to AWOTE with the upper threshold being the indexed lower threshold plus \$30,000
- co-contributions:
  - are not included in the client's tax assessable income
  - are not taxable contributions
  - are not counted towards the non-concessional contribution cap
  - are preserved

## Quick Tips

- for a member with unrestricted non-preserved monies who meets the eligibility rules, a re-contribution of \$1,000 could see them receive the co-contribution
- if a self employed person wants to attract the government co-contribution, they must ensure that some of their personal contributions are not claimed as a tax deduction.

## Payment of the co-contribution

- the co-contribution will usually be paid to the fund that the personal contribution has been made to, unless the 'Superannuation fund nomination (Nat8676)' is completed and received by the ATO
- if the member dies, any outstanding government co-contribution will be paid to their personal legal representative in the case where the Commissioner is satisfied that the eligible person is deceased
- if the Commissioner is satisfied that a member is retired and does not have an eligible account, the co-contribution will be paid to the person. A form titled 'Super Co-contribution—Request for direct payment (Nat 10759)' must be completed and received by the ATO.

**To find out more information, please contact our Super Retirement Solutions staff.**

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Last updated June 2010

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