

Super co-contributions

Helping your super grow faster

The co-contribution scheme is provided by the Federal Government to reward people who make after-tax contributions to their super.

How does it work?

Subject to your income and eligibility, the Government will top up your super with 50 cents for every \$1 of personal after-tax contributions you have made, up to a maximum of \$500 in the 2014/2015 financial year.

The maximum co-contribution is payable if you earn \$34,488 or less (in assessable income, reportable fringe benefits and reportable super contributions (eg salary sacrifice)) in the 2014/2015 financial year.

The co-contribution scales down at higher income levels and cuts out completely when you earn \$49,488 or more in the 2014/2015 financial year.

The income thresholds may be indexed in line with Average Weekly Ordinary Times Earnings (AWOTE) in future financial years.

Who is eligible?

You may be eligible for a super co-contribution in 2014/2015 if you meet certain requirements, including if:

- you earn less than \$49,488
- you make personal after-tax contributions to a complying superannuation fund or Retirement Savings Account (RSA) by 30 June 2015
- you lodge an income tax return
- you are age 71 at the end of the financial year
- you are a permanent Australian resident for the entire financial year, and
- you receive at least 10% of your total income from eligible employment including income from self-employment.

The co-contribution initiative provides a number of benefits including:

- a bonus contribution of up to \$500 per annum
- increase in your retirement savings
- co-contributions are tax-free upon entering your super fund and can be received tax-free in retirement, and
- investment earnings in your super fund are taxed at a maximum rate of 15%, which may be lower than the marginal tax rate payable if you invest outside of super.

How much can you receive?

If your total personal super contribution for the 2014/2015 financial year is:

	\$1,000	\$800	\$500	\$400
And your income is:	Your super co-contribution may be:			
\$34,488 or less	\$500	\$400	\$250	\$200
\$35,488	\$467	\$400	\$250	\$200
\$36,488	\$433	\$400	\$250	\$200
\$37,488	\$400	\$400	\$250	\$200
\$38,488	\$367	\$367	\$250	\$200
\$39,488	\$334	\$334	\$250	\$200
\$40,488	\$300	\$300	\$250	\$200
\$41,488	\$267	\$267	\$250	\$200
\$42,488	\$234	\$234	\$234	\$200
\$43,488	\$200	\$200	\$200	\$200
\$44,488	\$167	\$167	\$167	\$167
\$45,488	\$134	\$134	\$134	\$134
\$46,488	\$100	\$100	\$100	\$100
\$47,488	\$67	\$67	\$67	\$67
\$48,488	\$34	\$34	\$34	\$34
\$49,488	\$0	\$0	\$0	\$0

For example: If you are eligible for the co-contribution with a total income of **\$40,488** per annum for the 2014/2015 financial year and you make a personal after-tax contribution of **\$1,000** during that year, you will be entitled to a Government co-contribution of **\$300** (see above table).



Claiming the co-contribution

You don't need to apply for the co-contribution. All you need to do is make a personal after-tax contribution to your super fund and lodge an income tax return for the 2014/2015 financial year. The Australian Tax Office (ATO) will work out if you are eligible by using information provided by your super fund(s). The co-contribution will then be calculated and automatically deposited into your super fund.

The ATO will send you a letter confirming the details of your super co-contribution after it has been deposited into your super fund.

Where to from here?

In thinking about your next steps, you may want to consider:

If you should make a before-tax or after-tax contribution

The effectiveness of either strategy will depend on a number of factors including your income and how close you are to reaching your concessional and non-concessional contributions caps.

If you decide to make an after-tax contribution, find out if you are eligible for a co-contribution

Check the eligibility criteria in this fact sheet to determine whether or not you meet the conditions.

How you should make your contribution

You can arrange to make a personal after tax contribution via your employer, or you can securely, quickly and conveniently make contributions online using Direct Debit, Credit Card or BPAY®, simply by logging into mlc.com.au

Seek advice

Once you've considered these steps, you may want to make an appointment with a financial adviser. A financial adviser can explain the financial issues surrounding superannuation in more detail and help you make the most of your opportunities. They can also recommend a range of other strategies to help you achieve your lifestyle and financial goals—now and in the future.

MLC is not a registered tax agent. You should seek advice from a registered tax agent to determine how this applies to your personal situation.

For more information

If you would like further information, contact us on **132 652** or visit mlc.com.au

Remember, your super fund will need to have your Tax File Number in order to accept your after-tax contributions.

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