

Spouse super contributions

“Reduce your tax liability”



The strategy in a nutshell: You can receive a tax rebate for making a contribution to your spouse’s super fund if their assessable income (including reportable fringe benefits) is less than \$13,800. You can make a direct saving against your income tax liability as this is a tax offset.

If your spouse is on a low income, you can claim a taxation offset (rebate) by making contributions into their super account.

This is a tax offset (rather than a tax deduction) and is therefore a direct saving against your income tax liability. This contribution is an undeducted (or non-concessional) contribution, and will form part of the spouse’s tax free component in their super account.

Super funds are concessionally taxed, with complying super funds taxed on their earnings at a maximum rate of 15 per cent. By placing additional money into your super, you’re increasing the level of savings you’ll have in retirement.

However, you should remember that your spouse can’t access the contribution you have made into their account until they are eligible to access their super.

The strategy

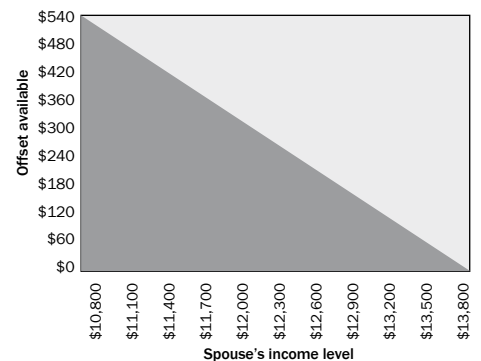
The strategy simply involves making a contribution with after-tax monies into a spouse’s superannuation account.

The maximum offset available is \$540, which is based on a contribution of \$3,000 for a spouse with assessable income and reportable fringe benefits of \$10,800 or less.

The offset gradually reduces as the spouse’s income level increases, and will phase out completely once the spouse’s assessable income and reportable fringe benefits reaches \$13,800. The offset is also reduced if the contribution you make is less than \$3,000.

The diagram illustrates the maximum rebate available depending on the spouse’s income, based on a \$3,000 contribution.

Maximum offset available



Case study

Anne is a highly paid executive. She is married to David who is a stay at home dad. David has investments in his name (for tax planning reasons) and generates \$10,000 p.a. of income from these investments.

Anne and David have decided that in order to boost their future retirement savings, Anne will make a \$3,000 after-tax contribution into David's superannuation account.

As David's income is below \$10,800, Anne will receive a tax offset of \$540 for this contribution – a direct saving off her personal income tax liability.

The \$3,000 contributed into David's superannuation account is an undeducted (non-concessional) contribution.

Who can use this strategy?

This strategy is available to anyone wishing to make superannuation contributions on behalf of their low income-earning spouse. It applies to married or de facto couples, but currently not to same-sex partners. To qualify for the tax offset you must both be Australian residents and the receiving spouse must be under 70 and be eligible to contribute to super.

Important information

It is not the intention of Asgard Capital Management Ltd ABN 009 279 592, AFSL 240695 RSE Licence L0001946 (Asgard) that this publication be used as the primary source of readers' information but as an adjunct to their own resources and training. No representation is given, warranty made or responsibility taken as to the accuracy, timeliness or completeness of any information or recommendation contained in this publication and Asgard and its associated companies will not be liable to the reader in contract or tort (including for negligence) or otherwise for any loss or damage arising as a result of the reader relying on any such information or recommendation (except in so far as any statutory liability cannot be excluded). The information ('advice') in this publication does not take into account any person's personal objectives, financial situation or needs and, because of that, a person should, before acting on the advice, consider the appropriateness of the advice having regard to these factors.

In deciding whether to open, or to continue to hold, an Asgard Account, you should consider the relevant disclosure document or Product Disclosure Statement for that Account issued by Asgard. Copies can be obtained from Asgard or a financial adviser.

Sydney

Level 12
400 George Street
Sydney NSW 2000
Telephone 02 9947 1288
Facsimile 02 9511 2366

Melbourne

Level 7
530 Collins Street
Melbourne VIC 3000
Telephone 03 9941 3355
Facsimile 03 9941 3377

Brisbane

Level 16A, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Telephone 07 3229 5888
Facsimile 07 3229 5877

Perth

Level 38, Central Park
152 St George's Terrace
Perth WA 6000
Telephone 08 9415 5688
Facsimile 08 9481 4834

Adelaide

Level 2
51 Pirie Street
Adelaide SA 5000
Phone: (08) 8424 5301
Fax: (08) 8424 5258