End of year strategy

Asgard

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

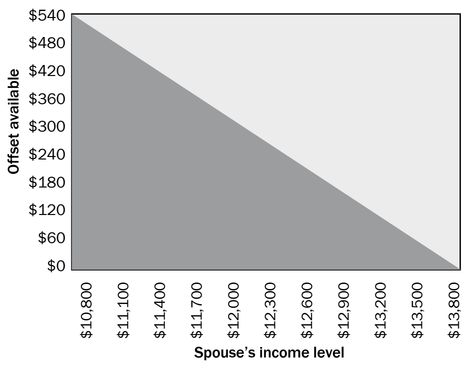
The strategy simply involves making a contribution with after-tax monies into a spouse's superannuation account.

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



Asgard

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.

Sydney	Melbourne	Brisbane	Perth	Adelaide
Level 12	Level 7	Level 16A, Central Plaza One	Level 38, Central Park	Level 2
400 George Street	530 Collins Street	345 Queen Street	152 St George's Terrace	51 Pirie Street
Sydney NSW 2000	Melbourne VIC 3000	Brisbane QLD 4000	Perth WA 6000	Adelaide SA 5000
Telephone 02 9947 1288	Telephone 03 9941 3355	Telephone 07 3229 5888	Telephone 08 9415 5688	Phone: (08) 8424 5301
Facsimile 02 9511 2366	Facsimile 03 9941 3377	Facsimile 07 3229 5877	Facsimile 08 9481 4834	Fax: (08) 8424 5258

AFGEYC20408