

Spouse super contributions

Increase their super and reduce your tax.

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 and reportable employer super contributions) 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 your spouse's tax-free component in their super account. Super funds are concessional taxed, with complying super funds taxed on their earnings at a maximum rate of 15 per cent. By placing additional money into your spouse's super, you're increasing your spouse's contribution to their super account. 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.

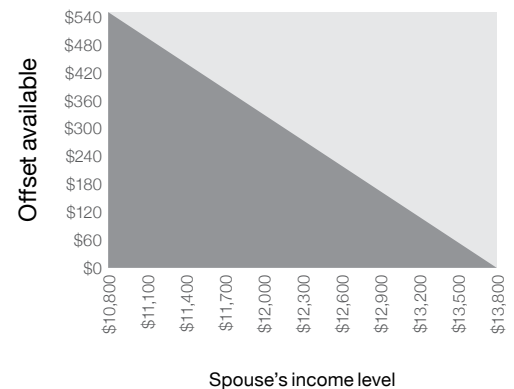
The maximum offset available is \$540, which is based on a contribution of \$3,000 for a spouse with assessable income, reportable fringe benefits and reportable employer super contributions of \$10,800 or less.

The offset gradually reduces as the spouse's income

level increases, and will phase out completely once the spouse's assessable income, reportable fringe benefits and reportable employer super contributions 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 FOR SPOUSE SUPER CONTRIBUTIONS

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 and generates \$10,000 per annum 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.

* For illustrative purposes only.

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 any person who lives with you on a domestic basis as your husband or wife. Please check with the ATO for, de facto or same sex couples. To qualify for the tax offset you must both be Australian residents and the receiving spouse must be under 70 and eligible to contribute to super.