



Good news for “low and middle income earners”

Explaining superannuation co-contributions to FuturePlus Super members

The superannuation co-contribution was introduced by the Commonwealth Government on the 1st of July 2003. We have tried to explain some of the implications here. The eligibility criteria have been widened with effect from the 1st of July 2004 allowing many more individuals to qualify.

How do I know if I qualify for a co-contribution?

From the 1st of July, 2004 you will qualify for a co-contribution if:

- You make personal superannuation contributions to a complying superannuation scheme;
- You make these superannuation contributions (that will qualify for a co-contribution) directly into your account - contributions to your spouse's account do not qualify;
- Your "Total Income" (as determined by the ATO) is less than \$58,000 in the year you are seeking co-contributions;
- 10% or more of your total income is from eligible employment;
- You are less than 71 years of age;
- You are a permanent resident of Australia;
- You lodge an income tax return.

What do I need to do to have my eligibility for co-contributions assessed?

You don't have to do anything!

Whether you are eligible or not, is determined by the ATO combining information from your tax return and from the Fund's Administrator. The ATO determines your eligibility based on your "Total Income". This is calculated by adding the total of your "assessable income" and "reportable fringe benefits".

The ATO then reviews details of any superannuation contribution provided by your Fund that may be eligible for a co-contribution.

Once the ATO has these two bits of information, they then determine whether you are eligible for a co-contribution and what the co-contribution amount will be.

How much is the co-contribution?

The co-contribution is a matching contribution, one dollar fifty for every dollar subject to a maximum of \$1,500 a year. This maximum starts reducing once your "Total Income" reaches \$28,000 (down to zero once your income reaches \$58,000). The co-contribution examples table gives you a guide (see over).

Who will pay the co-contribution?

The Commonwealth Government pays the co-contribution.

When will I receive my co-contribution?

The co-contribution applies to eligible contributions made in 2003-2004 and subsequent years. Your co-contribution will be calculated after you have lodged your tax return and the ATO has received contribution information from your superannuation fund.

The Fund will send in the required information to the ATO by the 31st of October following the end of the financial year. When the co-contribution is paid to you depends on when you send in your tax return. Remember the ATO needs both pieces of information to determine who is eligible and how much needs to be paid.

How will I receive my co-contribution?

The co-contribution payment will generally be made to the same superannuation fund which reported the superannuation contribution for that year as a personal (post tax) contribution.

If this is FuturePlus Super, we will automatically receive and report any co-contribution amounts in your name.

If you have more than one superannuation fund, you are able to nominate the fund you wish the co-contribution to be remitted to.

In the absence of a nomination, the co-contribution will be made to the fund which reported the highest personal contribution amount for that year.

The ATO will also send you a letter detailing your co-contribution amount after it has been deposited into your superannuation fund.

How will my co-contribution be taxed?

Superannuation co-contributions are tax-free - both on the way into and on the way out of the Fund and will not count towards your Reasonable Benefit Limit (RBL).

Should I review my current contribution strategy?

Every time superannuation tax rules change, you should review your arrangements.

Because each situation is different, we recommend you contact Member Services on 1800 067 059. If you have complex arrangements, we encourage you to speak to a Chifley Financial Planner on 1800 067 059.

Co-contribution payment for various levels of income/contribution (made from 1 July 2004)

	Total Income (p.a.)					
	Up to \$28,000	\$34,000	\$40,000	\$46,000	\$52,000	\$58,000 and above
Example 1 Your after tax Contribution of \$500 p.a.	\$750	\$750	\$750	\$600	\$300	\$0
Example 2 Your after tax Contribution of \$1,000 p.a.	\$1,500	\$1,200	\$900	\$600	\$300	\$0
Example 3 Your after tax Contribution of \$2,000 p.a.	\$1,500	\$1,200	\$900	\$600	\$300	\$0

Please note that the information detailed above is of a general nature only. It should not be considered as a comprehensive statement on the matters referred to herein nor should it be relied upon as such. It has not been prepared taking into account your particular investment objectives, financial situation and particular needs. You should assess whether the advice is appropriate to your individual investment objectives, financial situation and particular needs. Before making an investment decision you should seek the assistance of a professional adviser. Issued by Chifley Financial Services Limited as a trustee of FuturePlus Super (ABN 76 829 356 693) and an Australian Financial Services Licensee (AFSL 231148) July 1 2005.

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