

Spouse Contributions

You can make after tax contributions to your spouse's super and you may be eligible for a tax offset

You can make contributions to your spouse's super fund if they are under the age of 65, and may continue up to the age of 70 if your spouse has worked for at least 40 hours in a period of not more than 30 consecutive days in the financial year. A fund can not accept contributions for a spouse who has reached age 70.

Spouse contributions are a type of non-concessional contribution (NCC) and will count towards the receiving spouse's NCC cap of \$150,000 each financial year. Contributions for a spouse under the age of 65 can be brought forward to a limit of \$450,000 over 3 years. All spouse contributions are treated as NCC contributions and are not subject to any tax upon entry. They are also paid to your spouse tax-free on retirement.

Tax rebate

A person who makes eligible contributions to their spouse's superannuation fund on their behalf can claim a tax rebate (also called a tax offset) of 18% on contributions up to \$3,000. This is provided their spouse is receiving \$10,800 or less in assessable income and reportable fringe benefits in total for the financial year.

If your spouse is receiving less than \$10,800 and you make contributions of \$3,000 (or more), you are entitled to the maximum rebate of \$540. The contributions eligible for the rebate reduce by \$1 for each \$1 where the total of your spouse's assessable income and reportable fringe benefits for the income year exceeds \$10,800. The rebate is not available once the spouse's income reaches \$13,800 per annum.

There is no limit on the amount of money that you can invest in your spouse's superannuation account except the NCC cap of \$150k per annum. While the tax offset is calculated on sums of \$3,000 or less, you may contribute more than this if you wish.

Preservation rules

Spouse contributions are preserved benefits and subject to normal conditions of release.

Where the spouse has never been employed, contributions plus earnings are preserved until they reach the age 65.

If your spouse has been gainfully employed at any time, the benefit from the spouse contributions becomes accessible when your spouse declares retirement after they have reached preservation age. The preservation age is 55 for individuals born before 1 July 1960, increasing in yearly steps to age 60 for those born after 1 July 1964.

Preservation rules

Spouse contributions are preserved benefits and subject to normal conditions of release.

Where the spouse has never been employed, contributions plus earnings are preserved until they reach the age 65.

If your spouse has been gainfully employed at any time, the benefit from the spouse contributions becomes accessible when your spouse declares retirement after they have reached preservation age. The preservation age is 55 for individuals born before 1 July 1960, increasing in yearly steps to age 60 for those born after 1 July 1964.

For the purpose of claiming a deduction for after-tax contributions to your spouse's super, "spouse" means:

- ▶ a person who is legally married to you, or
- ▶ a person (whether of the same sex or a different sex) with whom you are in a relationship that is registered on the relationship registers of either the Victorian State Government, the Tasmanian State Government or the Australian Capital Territory Government, or
- ▶ a person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

For the purpose of claiming a tax offset for contributing to your spouse's super for 2008-09, "spouse" means

- ▶ a person who is legally married to you: or
- ▶ a person who although not legally married to you, lives with you on a genuine domestic basis as your husband or wife.

From 1 July 2009, the above definition of spouse applies.

You are not entitled to the tax offset if, when you make the contribution, you are living separately and apart from your spouse on a permanent basis.

Need further information?

Chifley Financial Services Limited was established by Unions NSW over 10 years ago and is now equally owned by Unions NSW and by the Local Government Superannuation Scheme and the Energy Industries Superannuation Scheme. Chifley Financial Services provides its clients with comprehensive financial planning services.

If you have any enquiries about the information in this fact sheet, please contact Chifley Financial Services on 1800 800 002 between 9am and 5pm on any business day.

Please note that the information contained in this document is of a general nature only and does not constitute personal advice as it does not take into account your personal objectives, financial situation or needs. Any advice in this document is provided by Chifley Financial Services Limited (ABN 75 053 704 706), as an Australian Financial Services Licensee (AFSL 231148). Chifley Financial Services Limited is an APRA Registrable Superannuation Entity Licensee and the trustee of FuturePlus Super (ABN 76 829 356 693). Chifley Financial Services Limited is co-owned by LGSS Pty Limited, Energy Industries Superannuation Scheme Pty Limited and Unions NSW. You should not rely solely on this information and you should consider your own personal objectives, financial situation and needs before acting on this information. Prior to making any investment decision you should obtain and consider the relevant Product Disclosure Statement (PDS) or other offer document and seek professional investment advice. Date issued: 11 November 2009.