

MAKE SPOUSE CONTRIBUTIONS WORK FOR YOU

Some things are best done together

FACT SHEET 3

6 MAY 2019

Making contributions on behalf of your spouse can be beneficial for your combined retirement savings.

Of course, how you structure your super as a couple will depend on your personal circumstances, your combined income and what you have in mind for when you retire. You may also build your spouse's super savings by splitting your own contributions with them. For more details on this, please see our fact sheet [Split super contributions with your spouse](#) available at ngssuper.com.au/PDS

Spouse contributions

You can make contributions on behalf of your spouse into their super account. These contributions are known as spouse contributions. Spouse contributions must be made from your after-tax income and if paid to NGS Super, must be paid by cheque.

You can make contributions on behalf of your spouse if the receiving spouse:

- has not exceeded their non-concessional contributions cap for the relevant year, and
- has a total superannuation balance less than \$1.6 million on 30 June in the financial year in which the contribution was made, and
- is aged
 - 65 or younger, or
 - between the ages of 65 and 70, on the condition that they have worked at least 40 hours over 30 consecutive days in the financial year in which the contribution is made.

Once your spouse turns 70, you can no longer make contributions on their behalf.

Meaning of 'spouse'

The definition of **spouse** includes a person (of any sex):

- you are legally married to
- you are in a relationship with that is registered under certain state or territory laws
- who lives with you on a genuine domestic basis in a relationship as a couple (known as a 'de facto spouse').

If you're after more information about how the Australian Taxation Office (ATO) defines this relationship and the eligibility conditions for the spouse super tax offset, contact the ATO on **13 10 20** or refer to the ATO website ato.gov.au.

GIVE YOUR SPOUSE'S RETIREMENT SAVINGS A BOOST

Tax offset

If you make contributions for your spouse, you may also be eligible to claim a tax offset on these contributions, depending on your spouse's income. The maximum annual tax offset is 18% of a maximum of \$3,000 in spouse contributions (i.e. a maximum of \$540).

The offset available is dependent on the receiving spouse's income. If the receiving spouse's income is:

Receiving spouse's annual income	Tax offset available
Less than the low income threshold : \$37,000.	Then the contributing spouse will receive the full offset which is: 18% x contribution amount (contribution up to \$3,000)
More than the low income threshold and less than the cut-out income threshold: \$40,000.	The offset is reduced for every \$1 that the receiving spouse's income is over the low income threshold. Therefore, 18% of the lesser of either: <ul style="list-style-type: none"> ▪ the contribution amount or ▪ \$3,000 – (spouse salary – low income threshold)
More than the cut-out income threshold	Then no offset is available

The worked examples below show how making a spouse contribution works in practice:

To get an understanding of how spouse contributions work in practice, let's take a look at an example:

Dave has a salary of \$70,000 per year (before any deductions, including tax).

Dave would like to make a contribution into his spouse's superannuation account so they can benefit from the spouse contribution tax offset.

Scenario 1: A contribution for a non-working spouse

If Dave contributes \$3,000 after tax into his spouse's super account, he is eligible to receive a \$540 tax offset.

18% x contribution amount

$$18\% \times \$3,000$$

$$= \$540$$

If Dave contributes \$1,000 after tax into his spouse's super account, he is eligible to receive a \$180 tax offset.

18% x contribution amount

$$18\% \times \$1,000$$

$$= \$180$$

Scenario 2: A contribution of \$3,000 for a spouse with assessable income of \$38,200

If Dave contributes \$3,000 after tax into his spouse's super account, he is eligible to claim a tax offset for the calculation that results in the **lesser** amount:

18% x contribution amount

$$= 18\% \times \$3,000$$

$$= \$540$$

or

18% x [contribution - (Spouse salary - low income threshold)]

$$= 18\% \times [\$3,000 - (\$38,200 - \$37,000)]$$

$$= 18\% \times [\$3,000 - \$1,200]$$

$$= \$324$$

Therefore, Dave can claim a tax offset of \$324.

Scenario 3: A contribution of \$1,000 for a spouse with assessable income of \$38,200

If Dave contributes only \$1,000 after tax into his spouse's super account, he is eligible to claim a tax offset for the calculation that results in the **lesser** amount:

18% x contribution amount

$$= 18\% \times \$1,000$$

$$= \$180$$

or

18% x (Spouse salary - low income threshold)

$$= 18\% \times (\$38,200 - \$37,000)$$

$$= 18\% \times \$1,200$$

$$= \$216$$

Therefore, Dave can claim a tax offset of \$180.

How to make a spouse contribution

To make a contribution into your spouse's account with us, you will need to:

- complete a **Spouse Contribution form** available at ngssuper.com.au/forms
- send the completed form with cheque to:

NGS Super
GPO Box 4303
Melbourne VIC 3001

More information?

Contact us

You can contact us at ngssuper.com.au/contact-us or call us on **1300 133 177** between 8.00am and 8.00pm (AEST or AEDT), Monday to Friday.

Phone number for callers outside Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address
GPO Box 4303
MELBOURNE VIC 3001

If you are thinking about making spouse contributions, consider obtaining professional advice to understand how this works for your personal situation.

We offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at ngssuper.com.au/financial-planning.

Important information

You should consider all the information contained in the **Product Disclosure Statement** dated 6 May 2019 and incorporated fact sheets before making a decision about investing in NGS Super.

The information provided in this fact sheet is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

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