

SPLIT SUPER CONTRIBUTIONS WITH YOUR SPOUSE

*Make super work
for the two of you*

FACT SHEET 4

1 APRIL 2020

You can choose to split your contributions with your spouse or partner, allowing the flexibility to plan your retirement based on your and your spouse's personal financial situations.

What is contributions splitting?

Contributions splitting allows you to split certain super contributions paid to your account and transfer them to your spouse's super, or your spouse can split and transfer contributions to your super. There are a number of reasons why people choose to split their contributions including:

- you and your spouse were born prior to 1 July 1964 (refer to the Preservation table on page 3), both wish to retire before age 60 and you want to minimise any potential income tax from your *Transition to retirement* or *Income account* prior to reaching age 60, or
- your spouse is older than you and may be able to access super benefits earlier than you, or
- your spouse is younger than you and transferring your contributions to them will enable you to qualify for a higher Age Pension under the Centrelink/Department of Veterans' Affairs asset test, or
- equalising accumulation account balances between spouses, or
- if you or your spouse are close to the \$1.6m transfer balance cap, splitting contributions between spouse accounts could also help to maximise the combined amount of super that is moved into the retirement phase.

It is important to know that split contributions remain preserved until the receiving spouse's preservation age (see Preservation table on page 3).

How does contributions splitting work?

Contributions splitting applies in relation to certain before-tax contributions made to your account in a financial year. Over the course of a financial year, contributions are made to your super. If you decide that you would like to split those contributions, you can make an application to us. Applications can be made in a current financial year to split contributions made to your account during the previous financial year.

SOME THINGS ARE BEST DONE TOGETHER

Who can split super contributions?

If you're an *NGS Accumulation account* member, you can split certain super contributions with your spouse if they belong to or join either:

- NGS Super, or
- another fund.

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').

In this fact sheet (and other communications published by us about splitting your contributions or making spouse contributions), the applicant's spouse is called the 'receiving spouse'.

Can all superannuation contributions be split?

Only concessional (before-tax) contributions can be split – you cannot split after-tax contributions. The table below shows the types of before-tax contributions that can be split:

Concessional contributions	Timing of contribution	Maximum amount available for splitting
<ul style="list-style-type: none"> ▪ Employer; ▪ salary sacrifice; and ▪ deductible personal contributions¹ 	Contributions you split must be from the previous financial year, unless you are planning to close your <i>NGS Accumulation account</i> , in which case you can also split the current financial year.	<p>The maximum applies to the sum of all concessional contributions received during the split period and is the lesser of 85%² of those contributions and 85%² of the current concessional contributions cap.</p> <p>The current limit for concessional contributions is \$25,000 per year, which can then be used for splitting with your spouse.</p> <p>You may be able to carry-forward unused concessional contributions in future years (see note below).</p>

¹ Deductible personal contributions are contributions you have made to your *NGS Accumulation account* for which you are eligible to claim a tax deduction. You must first provide us with the **Notice of intent to claim a deduction form** prior to splitting contributions with your spouse.

You are able to claim a deduction for any personal contributions you make to your super each year:

- until you turn 65 regardless of your employment arrangement
- if you are under 18 you will need to have earned income as an employee or a business operator
- if you are aged 65-74, you will need to meet the work test (you must work 40 hours in 30 consecutive days within the financial year). However, if your Total Super Balance at the previous 30 June is less than \$300,000, you will be exempt from this work test for 12 months from the end of the financial year in which you last met the work test. This exemption applies once only.

² Reflecting 15% contributions tax.

Carry-forward any unused concessional contributions cap

From 1 July 2018, you may be able to 'carry-forward' any unused amount of your concessional contributions cap if you:

- have a Total Superannuation Balance of less than \$500,000 on 30 June of the previous financial year, and
- are eligible to make concessional contributions.

The first year you will be able to access a higher concessional contributions cap (taking advantage of your unused portion for the previous year) is 2019/20.

If you take advantage of the carry-forward rule in 2019/20, this will result in an increased concessional contributions cap being used to determine the maximum splittable amount.

More information on the carry-forward rule can be found in our fact sheet [Opportunities and limits for super contributions](#) available at ngssuper.com.au/PDS

Your Total Superannuation Balance and your concessional contributions cap can be found by logging in to my.gov.au and going to the Super section within the ATO linked service.

NGS Rules on the amount that can be split

If you're requesting a split, your account balance after the split cannot be less than \$10,000.

You can request one split each year, however if you have more than one investment option you can't specify which option you'd like the amount being split to be drawn down from. The amount split will be in proportion to how your account balance is invested.

What amount can't be split?

Generally, you can't split any of the following amounts:

- after-tax (non-concessional) contributions
- any defined benefit contributions
- amounts rolled over from another fund
- benefits that may be subject to Family Law conditions
- any contributions if your spouse
 - is aged 65 or over, or
 - has reached preservation age (see table below) and has retired from the workforce
- your full account balance
- amounts that you wish to receive as a First Home Super Saver payment.

A more extensive list can be found on the ATO website at ato.gov.au.

Is there a time limit on applying to split contributions?

If you want to split your contributions, your application must be received by us

- by the end of the financial year **after** the contributions were made. For example, if you want to split contributions made between 1 July 2018 and 30 June 2019, your application for a split must be made by 30 June 2020

or

- if you are withdrawing your entire benefit from your *NGS Accumulation account* (eg as a rollover or lump sum benefit), in the financial year your contributions were made but before you make the full withdrawal.

Please note, if you or your employer makes super contributions to us and you roll these over to another fund, you will not be able to split these contributions with your spouse after they have been rolled over.

When can you access split contributions?

Split contributions are generally preserved until your receiving spouse's:

- permanent retirement after attaining preservation age,
- termination of a gainful employment arrangement (even if not permanently retired) after age 60, or
- attainment of age 65.

It's possible that this will be earlier or later than if the contributions had remained in your account. Preservation age is based on date of birth, as detailed in the following table.

Preservation table

Date of birth	Preservation age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

Can I claim the spouse contributions tax offset for split contributions?

You won't be able to claim the spouse contributions tax offset for contributions split into a receiving spouse's account, as the amount is treated as a rollover, not a contribution. If you intend to claim a tax offset for eligible spouse contributions, those contributions must be made separately as an after-tax amount and paid directly to your spouse's super account.

For further information on spouse contributions, please read the fact sheet **Make spouse contributions work for you** which is available on our website at ngssuper.com.au/PDS. You can also request a copy by calling us on **1300 133 177**.

How to apply to split your contributions

To apply to split your contributions, complete our **Contribution Splitting form**, which is available on our website at ngssuper.com.au/forms or by calling us on **1300 133 177**.

When completing the form you need to:

- specify the type and amount of contributions you want to split, and
- declare that, at the time of the application, your receiving spouse:
 - has not reached their preservation age, or
 - has reached their preservation age, is less than age 65 and has not yet retired.

If you change your mind about splitting, please contact us as early as possible. If your application to split contributions has already been processed, you won't be able to request a reversal of the split amount that has been transferred.

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 splitting contributions with your spouse, 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 1 April 2020 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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