

MAKE SPOUSE CONTRIBUTIONS WORK FOR YOU

Some things are best done together

FACT SHEET 3

31 MAY 2022

Saving for retirement together

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 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 financial year (currently \$110,000) and
- has a *total super balance*¹ less than \$1.7 million on 30 June and
- is aged
 - less than 67 or
 - at least 67 but are under age 75, provided that they have met the conditions of the work test or work test exemption. From 1 July 2022, this work test will be removed.

Once the receiving spouse turns 75, you can no longer make contributions on their behalf.

The work test

From 1 July 2022 the work test will be removed.

If your spouse is aged 67 but under age 75, you can make spouse contributions to their account if they are at least **Gainfully Employed**² on a part-time basis. In short, they must work for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which you plan to make a spouse contribution.

However, if your spouse's total super balance¹ at the previous 30 June is less than \$300,000, they will be exempt from this work test for 12 months from the end of the financial year in which they last met the work test. This exemption applies once only.

¹ Your total super balance is generally the total value of your super interests in both accumulation phase and retirement phase at the end of the previous financial year, noting that:

- for accumulation phase, this is generally the withdrawal value at 30 June
- for the retirement phase, this is the balance of your personal transfer balance cap which is managed by the ATO.

You can view your total super balance through your Australian Taxation Office (ATO) linked account by logging into your mygov account at my.gov.au

² Gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

GIVE YOUR SPOUSE'S RETIREMENT SAVINGS A BOOST

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 or
- who lives with you on a genuine domestic basis in a relationship as a couple (known as a de facto spouse).

However, the Australian Taxation Office (ATO) specifically states that if you are legally married to someone but you live 'separately and apart' on a permanent basis, then that person will not be regarded as your spouse under the superannuation laws.

More information about this and the eligibility conditions for the spouse super tax offset can be obtained by contacting the ATO on **13 10 20** or by referring to the ATO website ato.gov.au

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.

Receiving spouse's annual income	Tax offset available
Less than the low income threshold of \$37,000	The contributing spouse will receive the full offset: 18% x contribution amount (contribution up to \$3,000)
More than the low income threshold and less than the cut-out income threshold of \$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 less (spouse salary less low income threshold)
More than the cut-out income threshold	No offset is available

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

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

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:

$$\begin{aligned} &18\% \times \text{contribution amount} \\ &= 18\% \times \$3,000 \\ &= \$540 \end{aligned}$$

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

$$\begin{aligned} &18\% \times \text{contribution amount} \\ &= 18\% \times \$1,000 \\ &= \$180 \end{aligned}$$

Scenario 2: A contribution of \$3,000 for a spouse with an 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:

$$\begin{aligned} &18\% \times \text{contribution amount} \\ &= 18\% \times \$3,000 \\ &= \$540 \end{aligned}$$

or

$$\begin{aligned} &18\% \times [\text{contribution} - (\text{spouse salary} \\ &\quad - \text{low income threshold})] \\ &= 18\% \times [\$3,000 - (\$38,200 - \$37,000)] \\ &= 18\% \times [\$3,000 - \$1,200] \\ &= \$324 \end{aligned}$$

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

Scenario 3: A contribution of \$1,000 for a spouse with an 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:

$$\begin{aligned} &18\% \times \text{contribution amount} \\ &= 18\% \times \$1,000 \\ &= \$180 \end{aligned}$$

or

$$\begin{aligned} &18\% \times (\text{spouse salary} - \text{low income} \\ &\quad \text{threshold}) \\ &= 18\% \times (\$38,200 - \$37,000) \\ &= 18\% \times \$1,200 \\ &= \$216 \end{aligned}$$

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

More information?

Contact us

You can contact us at ngssuper.com.au/contact-us or call us on **1300 133 177** Monday to Friday, 8am–8pm (AEST/AEDT).

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** at ngssuper.com.au/advice

Important information

You should consider all the information contained in the **Product Disclosure Statement** dated 31 May 2022 and incorporated fact sheets before making a decision about investing in NGS Super. You can also view our **Target Market Determinations** at ngssuper.com.au/TMD

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.