

MAKE SPOUSE CONTRIBUTIONS WORK FOR YOU⁺

Some things are best done together

FACT SHEET 3

29 SEPTEMBER 2017

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 the *Split super contributions with your spouse* fact sheet available at www.ngssuper.com.au/PDS.

Spouse contributions

As a member of NGS Super, you can establish a member account in the Fund for your spouse. You can then make contributions on behalf of your spouse to this account. These contributions are known as spouse contributions. Spouse contributions must be made from your after-tax income and paid to NGS Super by cheque.

You can make contributions on behalf of your spouse if:

- they are aged 65 or younger, or
- they are 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.

In addition, from 1 July 2017, individuals will not be entitled to the tax offset when:

- the spouse receiving the contribution has exceeded their non-concessional contributions cap for the relevant year, or
- the spouse has a total superannuation balance equal to or more than the general transfer balance cap (currently \$1.6 million) immediately before the start of the financial year in which the contribution was made.

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).

Some terms explained

There is a legal definition of **spouse** which refers to either:

- a person with whom the member is in a relationship that is registered under certain state or territory laws (this includes marriages and registered same-sex relationships), or
- a person of the same or of a different sex, who lives with the member 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 www.ato.gov.au.

GIVE YOUR SPOUSE'S RETIREMENT SAVINGS A BOOST

Tax offset

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 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 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 www.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 www.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 single-issue advice limited to your NGS Super account at no cost:

- over the phone through our Financial advice Helpline, or
- through our Customer Relationship Managers who may be able to meet face-to-face.

Further, we offer low-cost personal 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 www.ngssuper.com.au/financial-planning.

Important information

You should consider all the information contained in the Product Disclosure Statement dated 29 September 2017 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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