

Educational Series

# Spouse contributions



Give your spouse a present for the future, and save some tax at the same time.

## What are spouse contributions?

A spouse super contribution is an after-tax payment that can be invested into a complying superannuation fund held in your spouse's name. In other words you are investing money into your spouse's super account rather than your own.

Spouse contributions can be made at any time before your spouse's 65th birthday regardless of whether or not they are working. After age 65, if your spouse has worked at least 40 hours in 30 consecutive days, you can make spouse super contributions up until their 70th birthday. The chart below illustrates how this works.

## Who qualifies as your 'spouse'?

You must be either legally married or a de facto spouse living together on a permanent, bona fide domestic basis. Same sex couples and a married couple living separately do not qualify. Both you and your spouse must also be Australian residents at the time the contributions are made.

### Contributing spouse

- Can be any age.
- Can be employed or not working.

### Receiving spouse

- If younger than age 65, can be employed or not working.
- If aged 65-70, must have worked at least 40 hours in 30 consecutive days within the financial year.

After-tax super payment of any amount

Receiving spouse's superannuation account

## A potential \$540 tax rebate every year

As the contributor, you can get the full tax rebate if:

- you contribute at least \$3,000 to your spouse's account, and
- their assessable income plus reportable fringe benefits is less than \$10,800 for the year.

If you contribute less than \$3,000 the rebate will be equivalent to 18% of your contributions.

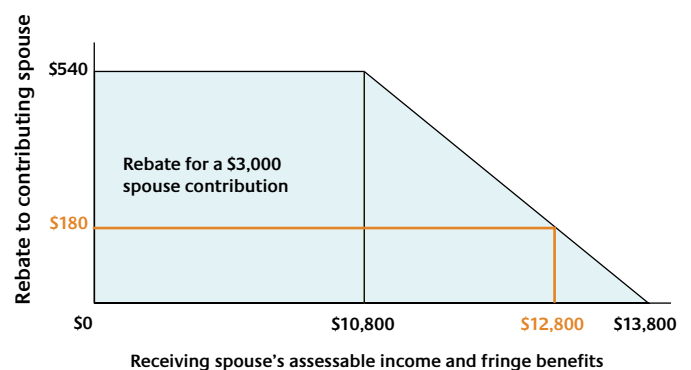
If your spouse's income is higher than \$10,800, then the rebate reduces until it cuts out when your spouse's income reaches \$13,800.

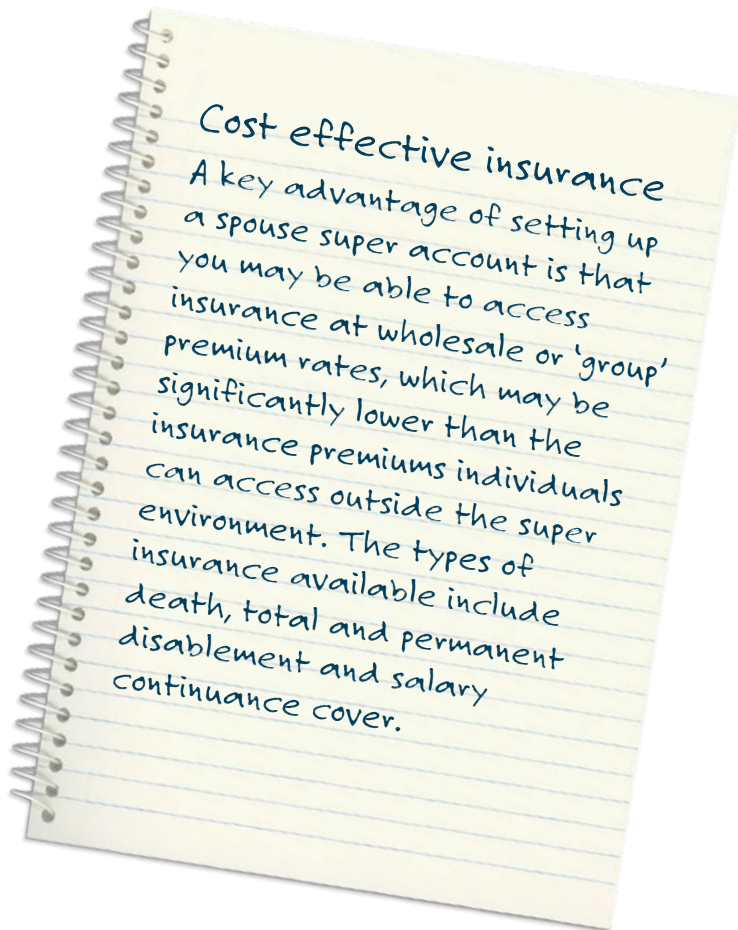
The graph below shows the maximum rebate you can claim for a \$3,000 spouse super contribution, at varying amounts of spouse income.

**For example, if your spouse is earning \$12,800 and you make a \$3,000 contribution, your rebate would be \$180.**

The contributing spouse claims the rebate via their tax return.

### Benefits of spouse contributions





## Two funds could be better than one – splitting your super with your spouse

If you are intending to retire before age 60, splitting your super with your spouse might be a useful strategy for you. One spouse often accumulates the lion's share of super. By splitting your superannuation contributions with your spouse you could save thousands of dollars in tax at retirement. How does this work?

By having more similar amounts of super in each of your accounts you get to take advantage of two tax-free thresholds if you decide to receive your benefit as a lump sum. Or a lower average tax rate if you receive benefits from pensions before age 60.

If you intend to retire once you are age 60, splitting contributions may not be as attractive because all super benefits (including pension payments) received on or after age 60 are not subject to tax.

**Note:** From 1 July 2007 you can only split your employer or personal deductible contributions with your spouse. In addition, after-tax contributions (non-concessional contributions, previously known as undeducted contributions) made on or after 6 April 2007 can no longer be split.

## Establishing a spouse super account

Colonial First State has four superannuation products which can accept spouse super contributions:

- 1. Colonial First State Rollover & Superannuation Fund** is a flexible investment solution which gives you a choice of 15 Colonial First State investment options. It can accept personal, employer and spouse contributions as well as rollovers and transfers.
- 2. FirstChoice Personal Super** has similar features and benefits, but with the added attraction that it offers 'multi-manager' investments. This means you can diversify your super across a range of fund managers and more than 85 investment options.
- 3. FirstChoice Wholesale Personal Super** has the same features as FirstChoice Personal Super, but has a higher minimum investment of \$100,000 and lower fees.
- 4. FirstChoice Employer Super** has been specially designed so that employers can simply and easily meet their superannuation obligations to employees. Instead of running their own fund, employers outsource the administration and investment selection to Colonial First State. The employees benefit from a wide choice of options from a variety of managers, competitive fees and superior reporting.

## Contributing to a spouse super account (FirstChoice Employer Super)

Your spouse can open an account in their name by completing the Spouse application form in the back of the Product Disclosure Statement. While you are employed by your company, your spouse can have their own separate super account within your company plan.

Even though your spouse may not work for your company, they are still entitled to the same fee structure as employees. That way, you will also be investing for your combined retirement in a very tax effective and cost effective manner.

## Receiving a spouse contribution (FirstChoice Employer Super)

Conversely, your spouse can invest a spouse super contribution on your behalf into your existing FirstChoice Employer Super account. Contact us to find out how.

## Need more information?

Please speak with your financial adviser or visit our website at [colonialfirststate.com.au](http://colonialfirststate.com.au).

Alternatively, you can contact us:

Enquiries about existing investments, please call 13 13 36

Enquiries about new investments, please call 1300 360 645

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