



## Fact Sheet – Government Co-contribution

### What is the Government Co-contribution?

The Government Co-contribution (sometimes referred to as the Super Co-contribution) is a system where by the federal government will put in \$1.50 for every dollar (\$1) you put into your superannuation account, up to a maximum co-contribution of \$1,500 a year. That is an incredible 150% return with no risk. The system, which has been in operation since 1 July 2003, is an initiative to assist low income earners to save for their retirement.

### Who is eligible?

To be eligible for the co-contribution you must satisfy the following requirements:

1. Make a personal superannuation contribution (this type of contribution comes from your after tax income and is totally separate from the 9% superannuation guarantee your employer pays); and
2. 10% or more of your income for the income year is attributable to employment; and
3. Your total income for the year is less than the higher income threshold (\$58,000); and
4. You lodge an income tax return for the year; and
5. You are less than 71 years old at the end of the income year; and
6. You did not hold an eligible temporary resident visa at any time during the income year.

Note that from 1 July 2007 eligible self employed persons will also have access to the Government Co-contribution.

### How much will I receive?

If you satisfy the above criteria and your total income for co-contribution purposes is \$28,000 or less in an income year, the Government will put in \$1.50 for every dollar (\$1) you put into your superannuation account, up to a maximum co-contribution of \$1,500 a year.

The maximum amount of co-contribution (\$1,500) is reduced by 5 cents for every dollar by which your total income exceeds \$28,000. "Total income" is defined to mean assessable income plus reportable fringe benefits. The table below provides examples of the level of co-contribution received based on varying income and personal super contribution levels.

	If your personal superannuation contribution is:			
	\$1,000	\$800	\$500	\$200
And your income is:	Your Super Co-contribution will be:			
\$28,000 or less	\$1,500	\$1,200	\$750	\$400
\$38,000	\$1,000	\$1,000	\$750	\$300
\$48,000	\$500	\$500	\$500	\$300
\$58,000	\$0	\$0	\$0	\$0

Note that due to the scaling back you will receive \$1,000 in Super Co-contribution at the \$38,000 income level if you contribute \$1,000 or \$800 i.e. if your primary purpose is to maximise the benefit from the Super Contribution and your income is \$38,000 you should only make an \$800 personal superannuation contribution in the income year.

### How do I apply?

You do not need to apply for the co-contribution. If you are otherwise eligible, all you need to do is make personal superannuation contributions during the year to your superannuation fund and lodge your income tax return.

The Tax Office will use the information on your income tax return and contribution information from your superannuation fund to work out whether you are eligible. If you are, the Tax Office will automatically calculate the co-contribution amount and deposit it into your superannuation account.

### What action should I take?

Consider if you are eligible to receive the co-contribution and, if you can afford it, make a personal superannuation contribution to your superannuation fund. Remember that even though it is a great strategy to boost retirement savings it is important to focus on repaying debt (particularly consumer debt) prior to committing significant funds to savings. **For further information you can contact the Australian Taxation Office Superannuation Line on 13 10 20 or visit the website [www.ato.gov.au/super](http://www.ato.gov.au/super)**





## Cornerstone Wealth

Financial Advice Based on Solid Foundations

### **Cornerstone Wealth**

Level 9, 501 La Trobe Street  
Melbourne Victoria 3000

**Telephone** 03 9642 2268

**Facsimile** 03 9670 4704

**E-mail** [info@cornerstonewealth.com.au](mailto:info@cornerstonewealth.com.au)

**Website** [www.cornerstonewealth.com.au](http://www.cornerstonewealth.com.au)



### **Corporate Authorised Representative**

No 306473

Partnership Financial Services Pty Ltd

AFS Licence No 220381

ABN 90 009 015 874

Level 28 Central Park

152-158 St Georges Terrace

Perth WA 6000