



Helping to build for your retirement

How the Government Co-contribution can help you...



Ask CBC Financial Advisers to
learn more about the Government
Co-contribution

If you're a low to middle income earner you could be eligible for a helping hand from the government to boost your retirement savings.

What is the Government Co-contribution?

The Government Co-contribution scheme was introduced in 2003 to help low to middle income earners build up their superannuation savings for retirement. Essentially, the Government will match eligible income earners' personal super contributions by up to 100%.

If you earn \$31,920 or less and make a personal contribution to your super fund, the Government will match each dollar up to a maximum co-contribution of \$1,000. This means that you make a \$1,000 contribution; you will also receive \$1,000 from the Government.

For every dollar you earn above \$31,920, the co-contribution reduces and phases out completely once your income reaches \$61,920. The table below shows the different co-contribution you can receive depending on your income level and your own contribution amount.

Am I eligible to receive the co-contribution?

- Your total income must be less than \$61,920 (this refers to your assessable income plus any fringe benefits plus salary sacrifice super contributions).
- You must earn at least 10% of your total income from eligible employment or self-employment.

How can I claim the contribution?

- You must make at least one personal non-concessional contribution into a complying superfund or Retirement Savings Account (RSA). Personal non-concessional contributions are made from your after-tax income.
- You must not hold an eligible temporary resident visa at any time during the year.
- You must be less than 71 years old.
- You must lodge an income tax return for the year.

How much can I receive?

As long as you are eligible, the following co-contributions apply:

If your personal super contribution is:				
	\$1,000	\$800	\$500	\$200
Your income	The Government Co-contribution will pay			
\$31,920 or less	\$1,000	\$800	\$500	\$200
\$34,000	\$931	\$800	\$500	\$200
\$36,000	\$864	\$800	\$500	\$200
\$40,000	\$731	\$731	\$500	\$200
\$44,000	\$598	\$598	\$500	\$200
\$46,000	\$531	\$531	\$500	\$200
\$50,000	\$398	\$398	\$398	\$200
\$55,000	\$231	\$231	\$231	\$200
\$61,920	\$0	\$0	\$0	\$0

Most super funds accept co-contributions and personal contributions, but check first with your fund.

Once your tax return has been completed, the ATO will work out the co-contribution for you and will pay it into your fund within 60 days. However, you may not receive notification until your next super fund statement is issued (usually October).

Case study

Julia is 50 and working part time on a salary of \$40,000 pa. She has a surplus savings capacity of \$1,000 and is considering investing her money in either the superannuation or non-superannuation environment.

By investing in the superannuation environment Julia will receive the co-contribution, plus, her investment will be concessional tax in the superannuation environment.

If we take into account earnings and tax on her \$1,000 investment, after one year the superannuation option provides a total return to Julia of 79%, compared to 4.8% in the non-super option.

	Super	Non-super
Investment	\$1,000	\$1,000
Earnings	\$70	\$70
Tax	\$11	\$22
Co-contribution	\$731	\$0
Total benefit	\$1,790	\$1,048
% Return	79%	4.8%

