

# Making extra contributions

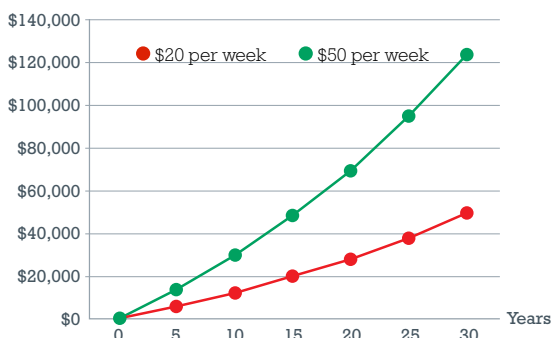


## A little now may make a big difference later on

If you're worried you won't have enough money when you retire, you may like to think about making extra contributions to your super account today. It's never too late to start and even small amounts can make a big difference to your lifestyle later on.



### \$20 today will go a long way in retirement



As the graph shows, putting an extra \$20 a week into your super from age 35 could add up to **\$49,755** to your super savings by age 65.

An extra \$50 a week could add around **\$124,387** – a great boost to your retirement savings!

This example is for illustrative purposes only and may not apply to your specific situation.

Assumptions: Based on after-tax contributions of \$20 and \$50 per week, indexed to inflation at 3% p.a. with a 7% p.a. rate of return compounding weekly, adjusted for inflation at 3% p.a. Figures are shown in today's dollars.

Note: Members earning less than \$61,920 before tax would save even more with the Government Co-contribution.

Source: Data sourced from moneysmart.gov.au Compound Interest Calculator.

## Making extra contributions to super

There are four ways to add extra contributions to super:

1. Set up a salary sacrifice arrangement with your employer
2. Make a personal after-tax contribution
3. Make a contribution on behalf of your spouse
4. Receive a Co-contribution from the Government

### What's the difference?

The main difference between contributions relates to how they are paid and taxed.

Type of contribution	Paid from	Made by	Contributions tax
Salary sacrifice	Your before-tax salary	Your employer	15% on entry to your super account.
Personal contribution	Your after-tax salary	Yourself	Tax free on entry to your super account.
Spouse contribution	Your after-tax salary	Yourself to your spouse's super account	Tax free on entry to the receiving spouse's super account. Tax offset available to the eligible contributing spouse.
Co-contribution	The Government	The Government	Tax free on entry to your super account.

**Salary sacrifice contributions** are paid from your before-tax salary. They are sent to your super fund by your employer and are taxed at 15% when paid into your account.

**Personal after-tax contributions** are extra payments you make yourself from your 'take-home' pay. As they are paid from income that has already been taxed, they are not taxed again when paid into your super account, provided you stay under the contributions cap (see overleaf).

**Spouse contributions** are extra payments made into super on behalf of a non-working or low income earning spouse by a legal, de facto or same sex partner who lives with you on a

genuine domestic basis. They are not taxed when paid into your spouse's super account, provided you stay under the contributions cap (see overleaf). A tax offset of up to \$540 is available to the contributing spouse if the receiving spouse's assessable income and total reportable fringe benefits for the financial year is less than \$13,800.

**Co-contributions** are extra payments of up to \$1,000 made by the Government if you make a personal after-tax contribution to super and meet certain eligibility criteria. Co-contributions are not taxed when paid into your super account.

## How much can I contribute?

The Government has placed limits on the amount you can contribute to super each year. It is important to ensure you don't exceed these limits because significant tax penalties will be applied to excess contributions.

Financial Year	Concessional contribution caps		Personal contribution caps
	Up to age 50	50 + years	Up to age 65
2011-12	\$25,000 per year <sup>1</sup>	Up to \$50,000 p.a. <sup>2</sup>	Six times the concessional contributions cap. (i.e. \$150,000 in 2011/12) <sup>3</sup>
2012-13		\$25,000 p.a.	

<sup>1</sup> Indexed annually to average weekly ordinary time earnings (AWOTE) and rounded down to the nearest multiple of \$5,000.

<sup>2</sup> Transitional cap applies until 30 June 2012.

<sup>3</sup> Members under age 65 years can bring forward two years of contributions, i.e. \$450,000 over a 3 year period.

Members over 65 years of age are subject to certain work test rules and conditions.

Contact us for details of the types of contributions that can be accepted by Cbus after age 65.

## How do I make extra contributions?

**Salary sacrifice:** You will need to speak to your employer to arrange for before-tax contributions to be made directly into your Cbus account. You should check that making extra contributions does not affect any salary-based entitlements you may have. It is important to note that employers may base their SG contributions on your reduced salary amount.

**Personal and spouse contributions:** Cbus can accept after-tax personal and spouse contributions by cheque, direct debit from your bank, building society or credit union or BPAY® via our website. Contributions can only be accepted if you have provided your Tax File Number. Contact us for details.

**Co-contributions:** After you have made a personal after-tax contribution and lodged your tax return, the Australian Tax Office will determine whether you are eligible for a co-contribution and if you are, they will pay it directly into your super account. You will be notified once a payment has been made.

## Am I eligible for a Government Co-contribution?

To receive a Government Co-contribution for the 2011/12 tax year, you must:

- make a personal after-tax contribution to your super account
- earn less than \$61,920 pa (assessable income plus reportable fringe benefits and any salary sacrifice payments made)
- be less than 71 years of age at the end of the financial year
- be a permanent Australian resident
- earn 10% or more of your total income from eligible employment, running a business or a combination of both (available to self-employed members)
- lodge a tax return at the end of the 2011/12 tax year

If you earn less than \$31,920 pa, you will be eligible to receive the full co-contribution which means for every \$1 you contribute, the Government will also contribute \$1 up to a maximum of \$1,000.

The Government Co-contribution reduces for every dollar you earn over \$31,920 pa and stops once your income reaches \$61,920.

To see how much you may receive, visit our Co-contribution calculator at [www.cbussuper.com.au](http://www.cbussuper.com.au)

## Talk to a superannuation adviser



We have a dedicated team of superannuation advisers who can talk with you about making extra contributions or any other super-related topic.

For more information, call **1300 361 784**. Our advisers are available to speak to you from 8am to 8pm (AEST) Monday to Thursday and 8am to 6pm (AEST) Friday.

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