

Super & Your Spouse

There are two of ways in which you can contribute to your spouse's superannuation:

- Spouse Contributions; and
- Contribution Splitting.

Spouse Contributions

Spouse Contributions have the advantage of providing low income or non-working spouses with the opportunity to accumulate savings in the tax effective super environment. This may also provide tax advantages on retirement by allowing both partners to draw separate retirement incomes. A tax offset can also apply for the contributing spouse.

How does it work?

If both you and your spouse (married or de facto including same sex couples) are Australian residents, you may be eligible to make/receive Spouse Contributions to/from a complying superannuation fund like the MAP Superannuation Plan. If you are your spouse's employer, you cannot make a Spouse Contribution.

The person receiving the Spouse Contribution does not need to be working if they are aged less than 65. If they are aged between 65 and 69 they must have been gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

The level of income earned by the person receiving the Spouse Contribution does not limit the amount contributed. However Spouse Contributions are after-tax contributions and as such do count toward the Non-concessional Contribution Cap for the person receiving the contribution, but not the contributing spouse. Current Contribution Caps can be found in our Caps, Rates and Thresholds Factsheet available at website www.mapfunds.com.au.

Superannuation Spouse Contribution Tax Offset

If you are a contributing spouse, you may also be entitled to a tax offset of up to \$540, if:

- You did not claim a tax deduction for the contribution(s);
- Both you and your spouse were Australian residents when the contributions were made;
- At the time of making the contributions you and your spouse were not living separately and apart on a permanent basis;
- The sum of your spouse's assessable income and total reportable fringe benefits amounts for the financial year was less than \$13,800; and
- The contribution is made to a complying super fund.

How to calculate the tax offset

If your spouse's assessable income and total reportable fringe benefits amounts is \$10,800 or less then:

Step 1: Use the lesser of \$3,000 or the amount of contributions paid.

Step 2: Multiply this by 18%.

Step 3: Round up to the nearest whole dollar.

If your spouse's assessable income and total reportable fringe benefits are between \$10,800 and \$13,800 then:

Step 1: Subtract \$10,800 from your spouse's total assessable income and reportable fringe benefits.

Step 2: Take the amount calculated at Step 1 away from \$3,000.

Step 3: Use the lesser of a) the result at Step 2, or b) the amount of contributions paid.

Step 4: Multiply this by 18%.

Step 5: Round up to the nearest whole dollar.

Contribution Splitting

Contribution Splitting allows the splitting of some forms of contributions, including Employer and Salary Sacrifice Contributions, to a superannuation account of your spouse. This may be an effective way to top up your spouse's superannuation balance.

The maximum amount of Concessional Contributions that may be split will be the lesser of:

- 85% of total Concessional Contributions; or
- the Concessional Contribution Cap for that financial year.

You should keep in mind any contributions made through Contribution Splitting count towards the Concessional Contribution Cap for the contributor, not the recipient.

For example if Sally splits her Salary Sacrifice Contributions with her husband Peter, then the amount of these contributions will be included in Sally's Concessional Contribution Cap, not Peter's.

Some Government conditions do apply to Contribution Splitting including:

- Only contributions made after 1 July 2006 may be split;
- Non-concessional (or personal after-tax) Contributions made after 5 April 2007 cannot be split;
- Certain amounts cannot be split. These are:
 - rollovers into MAP, even though the rollover may contain current year contributions;
 - contributions from overseas super funds; and
 - contributions subject to family law payment splits.
- Only one split per financial year can be made. Each financial year you can apply to MAP for a split after the end of the financial year, i.e. June 30. You must apply for the split before the end of the next financial year;
- If you are a self-employed member who is required to complete Section 290-170 tax notice for contribution tax purposes, the split should not be applied for until after these notices are completed. This is because splits apply to after tax contributions and these notices may alter contributions tax;
- Transferred contributions retain their nature in the receiving spouse's account, i.e. Concessional or Non-concessional; and
- Funds are permitted to charge a fee for processing a split, however MAP does not charge for Contribution Splitting.

Legislation does not make it compulsory for funds to offer Contribution Splitting. MAP offers Contribution Splitting under the following conditions:

- Splits must be applied for using the ATO Superannuation Contributions Splitting Application available on the ATO website www.ato.gov.au or by contacting us on 1800 640 055;
- Splits must only be to another MAP Superannuation Plan account; and
- Splits are taken out of investment option balances in the same proportions as those applicable to payments being allocated in the contributing spouse's account.

Need advice?

MAP is authorised to provide personal advice relating to contributions within the MAP Superannuation Plan. The fees paid by members of the Plan include access to this advice. When considering Spouse Contributions or Contribution Splitting you may find it beneficial to discuss the strategy with a MAP Representative. Call us on 1800 640 055 to arrange an appointment.

Contact Us

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