

Strategy 3: Government Co-contribution

- ▶ Key message: Take advantage of co-contribution, small amounts can grow to something worthwhile and make a difference at retirement.
- ▶ Action: Check eligibility, make after tax contribution to access co-contribution

Make a contribution and get a bonus

What is the co-contribution?

The co-contribution was initially introduced 1 July 2003. It is an initiative to assist eligible individuals to save for their retirement.*

Eligible individuals who make personal superannuation contributions (after tax not salary sacrifice contributions) towards their super fund will get a co-contribution from the government up to certain limits.

Who is eligible?

You will be eligible for the co-contribution in a year of income if:

- you make personal superannuation contributions to a complying superannuation fund;
- your assessable income plus reportable fringe benefits are less than \$58,000;
- 10% or more of your total income is from eligible employment;**
- you lodge an income tax return for the year of income; and
- you are less than 71 years old at the end of the year of income.



The Super Co-contribution is now even bigger and better!

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

* www.ato.gov.au/super "Co-contribution is now even bigger and better"

** Eligible employment generally means anything resulting in you being treated as an employee.

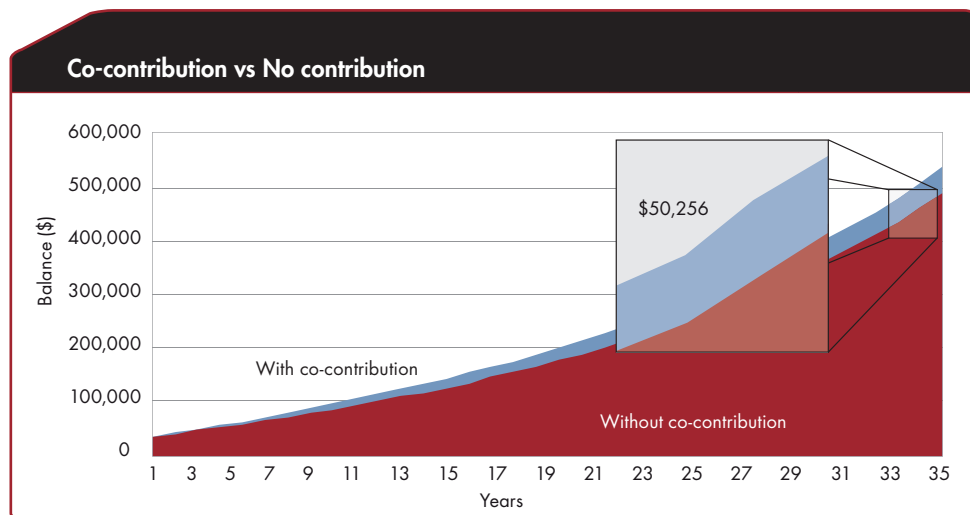
See table below for an idea as to how much co-contribution you could receive.

Your contribution	\$1,000	\$800	\$500	\$200
Your total income:	Your Super Co-contribution will be:			
\$28,000 or less	\$1,500	\$1,200	\$750	\$300
\$30,000	\$1,400	\$1,200	\$750	\$300
\$34,000	\$1,200	\$1,200	\$750	\$300
\$38,000	\$1,000	\$1,000	\$750	\$300
\$42,000	\$800	\$800	\$750	\$300
\$46,000	\$600	\$600	\$600	\$300
\$50,000	\$400	\$400	\$400	\$300
\$54,000	\$200	\$200	\$200	\$200
\$58,000	\$0	\$0	\$0	\$0

Source: Australian Tax Office website

Small amounts can make big differences

Greg, is aged 25 and on a salary of \$35,000. If he added \$1,000 p.a. after-tax for 14 years and received the co-contribution each of those years the difference in his retirement benefit would be...



Assumptions = Retirement age is 60, based on salary of \$35,000, expected salary increases is 3.5% p.a., company SG contributions is 9%pa of salary, funds earning rate (after tax) is 7.5% p.a., initial investment is \$30,000 and inflation estimated at 2.50% p.a.

No forms to apply!

As long as you make a personal after tax contribution, submit your tax return and qualify as an eligible person, the co-contribution will automatically be credited to your account by the ATO. For more information please call the ATO on 13 10 20.

Important information!

- Assessable income is total income before deductions are allowed. Assessable income includes: salary and wages, bank interest, dividends and other income from investments, bonuses and overtime paid, to an employee, a sole trader's gross business income/receipts, a partner's share of the net income of the partnership, commission paid to a salesperson, pensions, rent and other amounts that are not ordinarily classed as income including net capital gains and eligible termination payments.
- Total income = assessable income plus your reportable fringe benefits

This presentation is issued by Russell Financial Solutions Pty Ltd ("RFS"), ABN 84 010 799 041, AFSL 229850. It provides general information only and does not have regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. The information has been compiled from sources considered to be reliable, but is not guaranteed. Past performance is not a reliable indicator of future performance. Any examples have been included for demonstrational purposes only and should not be relied upon for the purpose of making an investment decision.

RFS is part of the Russell Investment Group ("Russell"). Russell or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell or its associates, officers or employees may buy or sell the financial products as principal or agent. You may contact Russell on (02) 9229 5111. RUS_FACT_GovernCont_V1_0701