

## Superannuation

Superannuation can be an effective vehicle for individual wealth accumulation and improvements in financial position. Superannuation offers a range of potential tax advantages, incentives and benefits. Superannuation monies can be invested in a wide range of investments.

## What Is Co-contribution?

Co-contribution is a government scheme whereby the government will make a financial contribution to the individuals' superannuation fund.

## Who Is Eligible?

The main eligibility requirements are:

- The individual makes a personal non-deductible contribution to a complying superannuation fund;
- At least 10% of their total income for the year comes from employment related activities or from carrying on a business. (Note that this rule can be complicated for investors and self employed individuals.);
- Individual lodges a tax return and is less than 71 years old at the end of the year;
- Individual is not a temporary resident of Australia.

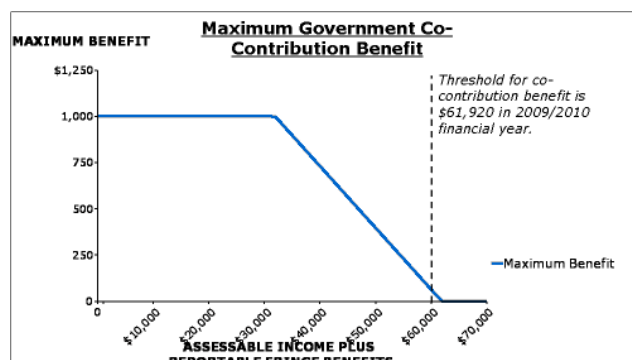
## What Is The Income Threshold?

The full benefit of co-contribution (2009/2010 financial year) is available to individuals who have assessable income and reportable fringe benefits less than \$31,920. These benefits phase out up to an income level of \$61,920. [Note that for a person carrying on a business, business deductions are taken into account in calculating their total income.]

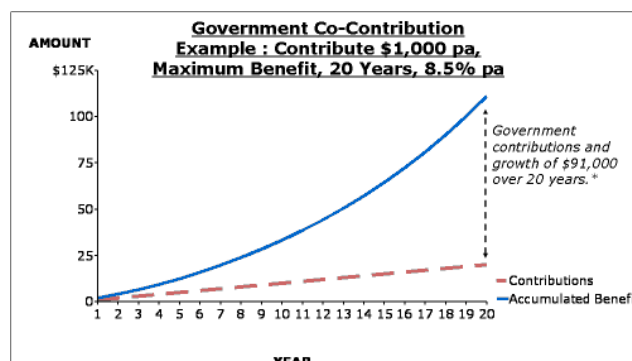
DISCLAIMER: This publication has been compiled by F3 Financial Services Pty Ltd ABN 97 610 391 642, an Authorised Representative No. 334939 of FYG Planners Pty Ltd ABN 55 094 972 540 Australian Financial Services Licensee No. 224543. The material contained in this publication is believed to be accurate. To the extent permissible by law, however, no liability is accepted for any errors or omissions or for loss or damage suffered by any person as a result of inaccuracies in this publication. Simulated investment returns and past performance are not a reliable indicator or guarantee of future performance. This publication is intended to provide general information only and does not have regard to your investment objectives, financial situation or needs. You should therefore consider whether what is said is appropriate to your individual objectives, financial situation or needs before you act on it. Investment advice should be sought in respect of individual circumstances.

## What Are The Benefits?

The maximum government co-contribution is currently 100% of the eligible contributions during the year, up to a maximum of \$1,000. [The maximum benefit is planned to increase to \$1,250 in 2013 and 2014 financial years, and further increase to \$1,500 thereafter.] The diagram below demonstrates the current amount of benefit available at different income levels and how this progressively phases out up to the maximum threshold.



Consider a situation where an individual is eligible for co-contribution for the maximum entitlement, and over the next 20 years, they contribute the additional \$1,000 per annum into superannuation.



In this scenario, the individual has increased their superannuation savings by almost \$111,000 although they have only contributed \$20,000 of their own monies.

\* Source: F3 Financial Services modelling, including an assumed rate of return of 8.50% pa net return comprising 3.40% pa income, 30% franked, 4.80% pa growth.

## More information

- Call 1300 314 335
- Email [info@f3fs.com.au](mailto:info@f3fs.com.au)
- Visit [www.f3fs.com.au](http://www.f3fs.com.au)