

Super Spouse Offset

A factsheet from F3 Financial Services



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 Spouse Offset?

An individual taxpayer may be entitled to a tax offset for superannuation contributions made for the benefit of a low income or non-working spouse (including de facto spouse).

Who Is Eligible?

The main eligibility requirements are:

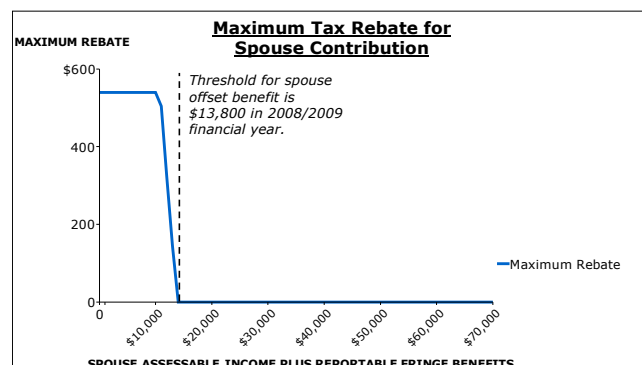
- The individual taxpaying spouse makes a personal non-deductible contribution to a complying superannuation fund, on behalf of the non-working or low income spouse;
- The receiving spouse is under the age of 65, or if aged between 65 and 70 years, meets an employment test; and
- Both parties were residents of Australia and not living separately and apart on a permanent basis.

What Is The Income Threshold?

The full benefit of spouse offset (2008/2009 financial year) is available where the low income or non-working spouse has assessable income and reportable fringe benefits less than \$10,800. These benefits phase out up to an income level of \$13,800.

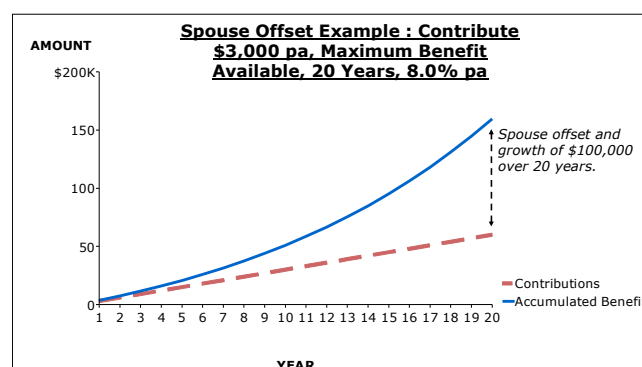
What Are The Benefits?

The maximum spouse offset is \$540, based on 18% of maximum contributions of \$3,000 paid to a complying superannuation fund. The diagram below demonstrates the amount of benefit available at different income levels and how this progressively phases out up to the maximum threshold.



What Are The Longer Term Benefits?

Consider a situation where a couple is eligible for spouse offset for the maximum entitlement, and over 20 years, they contribute the additional \$3,000 per annum into superannuation (and also contribute the \$540 spouse offset rebate into their super).



In this scenario, the couple have increased their superannuation savings by almost \$160,000 although they have only contributed \$60,000 of their own monies.

* Source: F3 Financial Services modelling, including an assumed rate of return of 8.00% pa net return comprising 3.20% pa income, 30% franked, 4.80% pa growth.

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More information

- Call 1300 314 335
- Email info@f3fs.com.au
- Visit www.f3fs.com.au