

Fact Sheet

Splitting your super contributions

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What is contribution splitting?

Contribution splitting is when you split your concessional (pre-tax) contributions from your account to your spouse's* account (or visa versa).

Any split amount is treated as a rollover to your spouse's fund, so no tax is payable at that time.

* Spouses are defined as married couples and those in de facto relationships. From 1 July 2009, this includes same-sex couples.

Splitting can only be done once a year. You can split the lesser of:

- > 85% of employer contributions (which includes Superannuation Guarantee payments, salary sacrifice contributions and any other employer funded contributions to your accumulation account/s); and
- > the concessional contributions cap (\$25,000 pa for those less than age 50 and \$50,000 for those aged 50 or over during the period 1 July 2007 and 30 June 2012).

The following super components cannot be split:

- > rollovers or transfers;
- > investment earnings;
- > account balances from previous years;
- > amounts that have already been allocated under splitting rules;
- > lump sum payments from an eligible non-resident, non-complying super fund; or
- > employer eligible termination payments.

Contributions cannot be split to a spouse who is age 65 or over, or has reached preservation age and has retired.

Advantages of splitting

Like most financial considerations, your individual circumstances will dictate whether super splitting with your spouse is beneficial for you. However, in certain situations, there may be some advantages, such as:

- > If your spouse is older than you and will retire before you. If your spouse reaches preservation age and retires before you, it will mean that you and your spouse will be able to access the split contributions earlier than if they had stayed in your account.

- > Reducing your tax burden by income splitting at retirement. If you and your spouse both have a superannuation account, you may be able to purchase two Account Based Pensions instead of one. This could give you both access to the \$6,000 income tax-free threshold.

Defined benefit members

If you are a defined benefit member, you can only split contributions you have made to an accumulation account. Any contributions made to your defined benefit account cannot be split.

When can you split your contributions?

You have until 30 June every year to request a split of concessional contributions that were made in the previous financial year. For example, you will have until 30 June 2010 to lodge a request to Equipsuper to split contributions made in the 2008/09 financial year.

If you leave your employer during the year, you can request a split to apply to any of the contributions that have been paid since the previous 1 July.

Cost of splitting

Splits requested between Equipsuper accounts are free. However, any splits requested to be paid to an external super fund will cost \$55 per transaction.

Seeking advice

We recommend you obtain financial advice before splitting your contributions. If you would like to speak to an Equipsuper Financial Planner, please call 1800 065 753, or you can visit the Equipsuper Financial Planning website at www.equipfp.com.au for further information.

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The taxation information included in this brochure is a general guide only. As taxation laws are complex and individual circumstances vary, you should seek individual taxation advice from a qualified advisor.

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