

Introduction

Contribution splitting is the transfer of some or all of a member's superannuation contributions for a financial year into their spouse's superannuation account.

Only couples (including same sex couples) are allowed to split contributions.

Contribution splitting may assist a couple in providing earlier tax-free access to superannuation by splitting to the spouse that turns age 60 first.

Do super funds have to offer contribution splitting?

- ▶ No. It is not compulsory for superannuation funds to offer this facility. If you are a member of another super fund, you should check whether that fund offers this feature.

Does AGEST offer splitting to its members?

- ▶ Yes. All AGEST members, other than our allocated pensioners, can split eligible contributions paid into AGEST.

What are some of the benefits of contribution splitting?

- ▶ Contribution splitting allows a couple to take advantage of two low-rate tax thresholds that apply if you are aged 55 to 59 (currently \$165,000 per individual). This can assist in minimising the amount of tax that may apply when drawing down superannuation benefits.
- ▶ Contribution splitting may allow earlier access to superannuation benefits, where contributions are transferred into the older partner's account as they will reach their preservation age sooner.
- ▶ Contribution splitting may also allow earlier tax-free access to superannuation by splitting to the spouse that turns age 60 first.

What contributions can be split?

- ▶ Concessional (pre-tax) contributions.
- ▶ The maximum amount of concessional contributions that can be split is 85% of contributions (this includes salary sacrifice contributions, employer superannuation guarantee contributions and contributions for which you have claimed a tax deduction).

What contributions cannot be split?

- ▶ Lump sum payments from overseas superannuation funds or any amounts that have been rolled over or transferred.
- ▶ Non-concessional (after-tax) contributions.
- ▶ If your spouse has reached age 65, or your spouse is between their preservation age and age 65 and has retired, you cannot split your contributions.

When can contributions be split and what is the process?

- ▶ Contributions can be split on an annual basis. If you wish to split the contributions that AGEST received for you in a particular financial year, you must lodge an application **before the end of the following financial year**. For example, if you wish to split contributions received in 2010/2011, you must lodge your application by 30 June 2012.
- ▶ The split of contributions will take the form of a transfer of part of your benefit to your spouse.
- ▶ AGEST will process your request by transferring the relevant amount from your account to an account for your spouse (either in AGEST or a different super fund).

What about contributions tax?

- ▶ The 15% contribution tax that applies to some contributions remains a liability on the original fund that received the contributions prior to the split. This means that the tax is attributable to the account of the spouse who first received the contributions before the split was made. That is why only 85% of concessional contributions can be split.

What about concessional contribution limits?

- ▶ Concessional contribution limits set out the maximum amount that an individual can contribute into their superannuation. For more information regarding these limits, please refer to the Salary Sacrifice fact sheet.
- ▶ Split contributions will apply against the contributing spouse's concessional contribution limit.

Please note - As with any financial investment, you may wish to seek professional financial advice to determine whether contribution splitting is beneficial to your situation.

Want more information ?

You may wish to attend one of our many seminars run throughout the country. For more information on our seminars or to register, please go to www.agest.com.au or email seminars@agest.com.au.

You can contact our Member Services Manager, Louise Aracas on (03) 9674 9321 or email louise.aracas@agest.com.au

