SUPER CONTRIBUTION SPLITTING STRATEGIES FOR COUPLES

The Government allows you to split any before-tax contributions you make to your super with your spouse each financial year. Here are some super contribution splitting strategies you can use to make the most of your super.

Strategy 1: Access tax-free super sooner

If you have an older spouse who has also been in employment, you can split your contributions. Once your spouse turns age 60 they can withdraw these contributions tax-free or start a tax-effective account-based pension.

Jane, aged 56, and her husband Jack, aged 51, wanted to retire once Jane turned 60 and could access her super tax-free.

However, Jane didn't have enough super for them to both enjoy a comfortable retirement. To build up Jane's super, Jack split his before-tax contributions with her.

When Jane retired she had enough super to fund their tax-free retirement until Jack turned 60 and could also access his super tax-free.

Strategy 2: Increase Centrelink entitlements

If you have a younger spouse under government age pension age, you can split your contributions to reduce your super balance. This would lower your assets for the Centrelink means test (consisting of the income and assets tests), as super isn't counted under the means test for people under pension age. By reducing your assets you could increase your Centrelink entitlement provided you also satisfy the income test.

Richard planned to fund his retirement with both his super savings and the government age pension. To increase his age pension entitlement, Richard began splitting his before-tax contributions with his wife, Mary. By the time Richard retired and was eligible for the age pension, he'd split over $100,000 with Mary, who was still under pension age. This amount wasn't counted in the Centrelink means test, increasing Richard's age pension entitlement by $150 per fortnight.

Example assumptions: Richard meets the Centrelink asset and income tests.

Super contribution splitting facts

Which contributions can be split?

You can split 85% of before-tax contributions you made to your super in the previous financial year (the other 15% is deducted by the super fund in tax), provided the amount is under your before-tax contribution cap. This includes compulsory employer contributions and any extra before-tax contributions your employer makes for you, such as salary sacrifice contributions.

You can't split after-tax contributions or your account balance and you can only make one split each year.

Who can receive split contributions?

You can split your contributions with your spouse or de facto partner provided:

- they're under age 65 and not retired; or
- they're under preservation age (working or retired).

Are there any fees for splitting contributions?

No. We don't charge any fees for super splitting.

Can I make higher before-tax contributions by splitting?

No. Due to the tax breaks you receive when you put money into super, the Government limits how much you can deposit in any one year. These limits are called 'contribution caps'. You can't increase your contribution cap by splitting contributions. See the table below for details about contribution caps.

Before-tax contributions (concessional)	
Eligibility for super splitting	You can split 85% of your previous financial year's before-tax contributions with your spouse. After-tax contributions can't be split.
These contributions include	• compulsory super guarantee payment an employer makes • other employer contributions • salary sacrifice contributions
How before-tax contributions are taxed	A tax of 15% within the super fund for people earning less than $250,000 pa and 30% for people earning over this amount.
Before-tax contribution cap	Up to $30,000 per financial year.
Exceeding the before-tax contribution cap	Either: • withdraw up to 85% of the excess contributions and have the excess amount included in your assessable income and taxed at your marginal tax rate, along with an interest charge. You'll receive a 15% tax offset for the contributions tax already paid by your super fund; or • keep the excess contribution in your super fund and have the excess amount included in your assessable income and taxed at your marginal tax rate, along with an interest charge. You'll receive a 15% tax offset for the contributions tax already paid by your super fund. To help pay the extra tax, you can withdraw up to 85% of your excess before-tax contributions from your super fund. The money kept in super will be added to your after-tax contribution cap.

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