

Super splitting



To encourage more people to save for their retirement, the government has introduced super splitting – a way in which everyone can have their own superannuation savings, and save some tax too.

If you're part of a couple, you can now choose to split super contributions with your spouse. The splitting arrangement only applies to contributions made from 1 January 2006 onwards.

Splitting super contributions is most effective when one spouse earns less income than another – for example if they are a low-income earner or not working at all. Building a superannuation account for a spouse with little or no super has many advantages, such as tax savings and ensuring the lower income earner has their own savings to rely on in retirement.

How much can you split?

You can split 100% of personal contributions (super contributions made using after-tax dollars) – and up to 85% of taxable contributions, such as the 9% Super Guarantee

payments from an employer and any salary sacrifice contributions.

The benefits

- Build the superannuation of a spouse with low or no super, giving them their own source of income in retirement.
- Access two Eligible Termination Payment (ETP) low-tax thresholds.
- Make the most of two Reasonable Benefit Limits (RBLs) – this is helpful if one person is close to or over the RBL threshold, i.e. the amount of superannuation you can access on retirement at concessional tax rates.
- Fund the cost of risk insurance premiums such as life insurance through super splitting – spouses that are not working or on lower incomes can often be underinsured.

- As super is only counted when you reach pension age, giving your super to a younger spouse may increase eligibility for social security benefits.

How to split

You should apply to split the contributions with your spouse at the end of each financial year (starting from the financial year ending 30 June 2006). The application must be made to the trustee of your super fund.

It's not compulsory for super funds to offer super splitting, so make sure your fund offers it, especially if you're thinking about increasing your contributions.

Note: Advice contained in this flyer is general in nature, and does not consider your particular situation or needs. Please do not act on this advice until its appropriateness has been determined by a qualified adviser.

For more information about super splitting or to arrange a no-cost, no-obligation first consultation, please contact:
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