

# Grow the wealth of your spouse

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This fact sheet outlines ways to help grow the wealth of your spouse.

There are a couple of strategies that can help you build your spouse's retirement savings.

- You can make contributions on behalf of your spouse – which may be eligible for a tax rebate.
- You can also build your spouse's super savings by splitting your own contributions with them.

Of course, how you structure your super as a couple will depend on your personal circumstances, your combined income and what you have in mind for when you retire.

## Spouse contributions

As a member of Prime Super, you can establish an account in the Fund for your spouse. You can then make contributions on behalf of your spouse to this account.

These contributions are known as spouse contributions. Spouse contributions must be made from your after-tax income.

You can make contributions on behalf of your spouse if:

- they are aged 65 or younger or
- they are between the ages of 65 and 70, on the condition that they have been gainfully employed for at least 40 hours over 30 consecutive days in the financial year in which the contribution is made.
- Their **total superannuation balance** is less than or equal to the **transfer balance cap** immediately before the start of the financial year in which the contribution was made. (For 2017-2018 the cap is \$1.6 million)

A person's **total superannuation balance** is made up of the balance of all their super and retirement savings accounts and is reduced by the amount of any personal injury structure settlement amounts (if any) contributed to super.

The **transfer balance cap** is set by the government and is a limit of the amount of superannuation money that an individual can hold in tax free retirement phase accounts.

Once your spouse turns 70, you can no longer make contributions on their behalf.



## Tax offset

If you make contributions for your spouse, you may also be eligible to claim a tax offset on these contributions, depending on your spouse's income. From 1 July 2017, if your spouse's assessable income\*, employer superannuation contributions and total reportable fringe benefits\*\* is less than \$37,000, you are able to contribute up to \$3,000 to be entitled to an annual tax offset of 18% of this amount (i.e. an amount of up to \$540). As your spouse's income increases, the tax offset amount reduces until it ceases (i.e. once their income reaches \$40,000).

\* Assessable income refers to all ordinary income and statutory income before taking into account any deductions

\*\* Fringe benefits are benefits you may receive from your employer in addition to your salary or as a part of your salary package.

## Eligibility for claiming the tax offset

You will be able to claim the spouse tax offset if:

- both you and your spouse were Australian residents when you made the contribution, and
- you contribute to the eligible super fund of your spouse, whether married or de-facto, and
- your spouse's income is \$40,000 or less

You will not be entitled to the tax offset when your spouse receiving the contribution:

- exceeds their non-concessional contributions cap for the relevant year, or has a total superannuation balance equal to or exceeding the general transfer balance cap (\$1.6 million for 2017–18) immediately before the start of the financial year in which the contribution was made.

## Contribution splitting

Another option is to have some of your super contributions transferred to your spouse's super account, if they are under age 65 and not retired. Your spouse must also be eligible to receive these contributions, either in the same fund or another fund. You can split up to 85% of employer and salary sacrifice contributions up to certain limits.

To be eligible to receive contributions your spouse must be:

- less than their preservation age, or
- between their preservation age and 65 years old; and still working.

If your spouse is over 65 years of age you cannot split your contributions.

## Contribution splitting can be beneficial if:

- you and your spouse both wish to retire between the ages of 55 and 59, and you want to maximise your tax-free benefits
- your spouse is older than you, and may be able to access super benefits earlier than you, or
- your spouse is younger than you, and transferring your contributions to them may enable you to qualify for a higher Age Pension under the asset test.

All split contributions remain preserved until the receiving spouse's preservation age.

## How does contribution splitting work?

Every year you can split the before-tax contributions made into your account. You simply need to fill in the spouse contribution splitting form that can be found on our website.

You can only split contributions in the current year or the previous year. You can't split contributions from more than one year ago. For example, if you made contributions between 1 July 2016 and 30 June 2017, you need to make your application for a split by 30 June 2018 (i.e. the end of the 2017/18 financial year).

It is important to note that there are limits on the amounts of contributions that you can make into super. Any contributions that you make to your spouse's account under a contributions splitting arrangement are counted as part of your contributions limits and not your spouse's limits. Therefore it is important not to exceed the contributions limits as excess contributions tax may apply.

## Can all superannuation contributions be split?

Only before-tax (employer and salary sacrifice) contributions can be split – you cannot split after-tax contributions.

## You don't have to be married to grow your spouse's wealth

The legal definition of a spouse is either:

- a person with whom the member is in a relationship that is registered under certain state or territory laws (this includes marriages and registered same-sex relationships), or
- a person of the same or of a different sex, who lives with the member on a genuine domestic basis in a relationship as a couple (known as a de facto spouse).

## Find out more

We're committed to helping you grow, manage and protect your wealth and retirement income. If you have any questions about growing your spouse's super give us a call on **1800 675 839** or email us on **administration@primesuper.com.au** or visit **primesuper.com.au**.

