

Fact sheet



FOR MEMBERS



Spouse contribution splitting

You can transfer some of your super contributions to an account for your spouse, which may save tax or allow you to access your super earlier.

WHAT IS CONTRIBUTION SPLITTING?

Contribution splitting is a process that allows you to transfer some of the contributions made to your super into an account for your spouse (including de facto of the same or different sex).

HOW DOES IT WORK?

You may transfer contributions to your spouse's account once per financial year. Only contributions made in the previous year may be split.

You may only split concessional (before-tax) contributions. These are generally your salary sacrifice, your personal tax deductible contributions and your employer's contributions.

You may transfer to your spouse's account up to 85% of the gross concessional contributions made to your account. This is the same as the net contribution after 15% contribution tax has been deducted.

If you have a defined benefit account you will usually only be able to split the voluntary contributions you have made.

WHAT ARE THE BENEFITS?

There are two possible benefits of splitting your contributions with your spouse. It may allow access to your super earlier and could save you tax.

Earlier access

If your spouse is older than you, they will reach their 'preservation age' sooner. This is the age at which super may be accessed.

Your spouse will then be able to start a super pension, or if they have retired from the workforce, take a lump sum.

If the contributions had remained in your account, you would not have been able to access them until you reach preservation age.

Tax savings

If you or your spouse intend to access a lump sum from super before reaching age 60, contribution splitting could save you tax.

When a lump sum is taken, a tax-free threshold is applied to the taxable component. The threshold is currently \$215,000. This means an individual may access up to \$215,000 from their taxable super without paying tax between their preservation age and age 59.

Splitting your contributions could give you access to two full tax-free thresholds when this may not otherwise have occurred.

DATE OF BIRTH	PRESERVATION AGE
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
1 July 1964 and after	60

Important note: Your spouse must be under age 65 and if aged between 55 and 65, must not be retired to be eligible to receive your split contributions.

EXAMPLE

Jody and Mark were both born between 1 July 1961 and 30 June 1962, so they both have a preservation age of 57. Mark intends to retire at 57 and take some of his super as a lump sum.

Jody's super balance is \$50,000 and Mark's is \$350,000. Jody has not accumulated much super, because she has only worked part time in the past, and left work to take care of their children.

Scenario 1

Mark does nothing and the couple access \$400,000 as a lump sum when they reach 57.

The tax situation is as follows.

Jody's balance is \$50,000, and she takes the whole balance tax-free.

Mark accesses \$350,000 from his account to make up the total of \$400,000 and pays \$23,800 tax*.

Scenario 2

Mark transfers some of his super contributions to Jody's account each year, and as a result when they reach 57, Jody has a balance of \$200,000.

Mark and Jody each access \$200,000 from their accounts to make up the total of \$400,000 and pay no tax because of the tax-free threshold.

This strategy is only applicable when accessing super before age 60. After 60 all payments from superannuation are tax-free, regardless of the amount.

To make a spouse contribution splitting application, simply contact our Client Services Team on 1300 660 027.

You may also wish to open an account with VISSF for your spouse, which you can split your contributions into. For more information, you can also speak to our Client Services Team. There is no fee for splitting contributions with your spouse's account in the fund.

ADVICE ON CALL

As a VISSF member, you can access bite size pieces of financial advice on an extensive range of topics - at no cost, over the phone.

Getting Started

For those just getting started with their money management, these might include:

- Finding lost super
- Consolidating your accounts
- Making an investment choice
- Your contribution options

While retirement may seem like a distant concern, taking some easy, simple steps now can turbocharge your future wealth.

Building More

You don't have to be earning a lot of money to grow your wealth. Our experts can advise you on:

- Choosing the right investment option
- Ways to make extra contributions
- How to save on tax and grow your money
- Protecting your wealth using insurance

Whatever your situation, we want you to feel secure and confident about doing more to build your future wealth.

Retire Ready

Preparing for retirement can be daunting, but it's never too early to start planning. Here's how we can help.

- Work out how much you will need
- Explore your retirement options
- Learn how to set up a regular income stream
- Understand your risk tolerance
- Make the right investment choice

If retirement is on your radar, the earlier you start planning the more likely you are to retire on your terms.

Call 1300 660 027 to take advantage of our phone based financial advice services for members.

NEED HELP?

Call us on 1300 660 027

Website: www.vissf.com.au

Email: super@vissf.com.au

We're available between 8am and 5pm, weekdays. If you need to get in touch outside this time, email is the best way.

Postal Address

GPO Box 4974

Melbourne VIC 3001