



Contributions

Contribution caps

The contribution caps apply to all contributions that are made for your benefit (to your account) to any super fund – regardless of how many superannuation accounts you have.

Importantly, we do not monitor the contributions received against the caps. In some circumstances, however, if we receive a single contribution payment that is in excess of the after-tax contributions caps (described below), we are obliged to return the excess amount to you. See overleaf for information about what happens if you exceed the caps.

What are the caps?

This table shows the contribution caps for 2009–10, and how the caps will be calculated in future years.

Financial year	Before-tax contributions (including employer contributions, salary sacrifice and, if you are self-employed, personal before-tax contributions)	After-tax contributions (including contributions to your super by your spouse)
2009–10	<ul style="list-style-type: none"> Contributions of up to \$25,000 can be made to your super in the financial year before you will incur any additional tax. If you are aged 50 or older (on the last day of the financial year) a transitional cap applies, allowing you to make up to \$50,000 in before-tax contributions in the year before incurring any additional tax. 	<ul style="list-style-type: none"> For all ages, the cap for after-tax contributions is \$150,000 ie. six times the before-tax contributions cap. If you are aged under 65 (on 1 July of the financial year) you can make after-tax contributions of up to \$450,000 in total for the three financial years 2009–10, 2010–11 and 2011–12. If you exceed these caps over the three financial years, you will pay additional tax.
Future years (indexation)	<ul style="list-style-type: none"> The cap is indexed* and is published each year by the Australian Taxation Office. The transitional cap will be in place until the end of the 2011–12 financial year, but is not indexed. If you are aged 50 or older on the last day of the financial year you can make up to \$50,000 in before-tax contributions in that financial year before incurring additional tax. 	<ul style="list-style-type: none"> The cap is not indexed but will always be six times the before-tax contributions cap. If you use the bring forward rule, your after-tax contribution cap for the three years will be fixed at three times the after-tax cap for the first year (and you will not be able to take advantage of any increase in the cap during the three-year period).

* The cap is indexed annually to Average Weekly Ordinary Time Earnings (AWOTE), but indexation will only take effect when the increase is greater than \$5,000. For example, if AWOTE is 3%, then the increase on \$50,000 is \$1,500 and the threshold will not be increased for the following year. The indexation is rounded down to the nearest \$5,000 threshold so that the threshold will be increased in the year when the sum of the increments is in excess of \$5,000.

What happens if you exceed the caps?

If you have exceeded the caps, the ATO will issue you with an **excess contributions tax assessment notice** and a **release authority** allowing you to withdraw an amount from your super to pay the tax. Separate release authorities are issued in respect of excess before-tax contributions and excess after-tax contributions, as they are treated differently.

The table below shows the rates of tax payable and what happens if you exceed the caps.

Financial year	Before-tax contributions (including employer contributions, salary sacrifice and, if you are self-employed, personal before-tax contributions)	After-tax contributions (including contributions to your super by your spouse)
Rates of tax payable	<ul style="list-style-type: none"> You will be liable for an additional 31.5% tax on any before-tax contributions made on your behalf that exceed the cap. This tax will be levied on you personally, and is in addition to the tax that the Fund pays on your behalf (the 15% provision for tax deducted upon receipt of your contributions). Excess before-tax contributions will count as after-tax contributions and you may be taxed again if this causes you to exceed the after-tax contributions cap. 	<ul style="list-style-type: none"> You will be liable for an additional 46.5% tax on any after-tax contributions made on your behalf that exceed the cap. This tax will be levied on you personally.
Procedure for paying additional tax	<ul style="list-style-type: none"> The excess contributions tax is payable within 90 days of the ATO issuing the assessment. You can choose to present the release authority to us (or another super fund) to receive money from your super to pay the tax. Alternatively, you can pay the tax from other (non-super) money. Within 30 days of receiving a valid release authority, we will release from your account the amount of tax stated on the release authority. If you request that a lesser amount be released, or the value of your account is less than the tax payable, only this lesser amount will be released. A withdrawal fee of \$36 will be deducted from your account at the time the amount is released. You can instruct us to pay the amount directly to the ATO, or to you personally. 	<ul style="list-style-type: none"> The excess contributions tax is payable within 21 days of the ATO issuing the assessment notice.* Within 21 days of the assessment notice being issued, you MUST present the release authority to us (or another super fund) to withdraw money from your super to pay the tax. Within 30 days of receiving a valid release authority, we will release from your account the amount of tax stated on the release authority and pay it directly to the ATO. If the value of your account is less than the tax payable, only this lesser amount will be paid. A withdrawal fee of \$36 will be deducted from your account at the time the amount is released. <p>* The ATO may defer the payment due date to 60 days to allow time for you to present the release authority to your fund and for the fund to process the payment.</p>



Contributing to your spouse's super

You can contribute to your spouse's super in two ways:

- You can make after-tax contributions to your spouse's super, and you may be eligible for a tax offset in respect of these contributions.
- At the end of the financial year, you can apply to transfer a portion of your before-tax contributions in the previous financial year to your spouse.

This section describes how you can contribute to your spouse's super. Of course, if your spouse wishes to contribute to your super, the same rules apply.

After-tax contributions to your spouse's super

You can make after-tax contributions to your spouse's super and you may be eligible for a tax offset.

To receive after-tax contributions into his or her account, your spouse must be either:

- under age 65, or
- over age 65 but under age 70, and must have satisfied the 'work test' by being gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contributions are made.

Any contributions to your spouse's super will count towards his or her contribution cap (not the cap of the spouse making the contributions).

If your spouse is not already a member of First State Super, they can open an account by completing the Member application form in the First State Super Personal Division Product Disclosure Statement*. Once your spouse's First State Super account is set up, he or she can also make contributions to this account, including rollovers from other superannuation funds.

Interest in the First State Super Personal Division are issued by FSS Trustee Corporation.

* Before making a decision about joining the Personal division, your spouse should consider the Personal Division PDS. Your spouse can obtain a copy of the PDS and relevant forms, by contacting Customer Service on 1300 650 873; by visiting www.firststatesuper.com.au or by emailing us at enquiries@firststatesuper.com.au

What is the tax offset?

If your spouse's annual income^{*} is under \$13,800, then you may receive a tax offset for after-tax contributions made by you to his or her super account. The amount of the tax offset is 18% of the amount of the contribution, up to the maximum amounts described below.

If your spouse's annual income is \$10,800 or less, the offset will apply to all spouse contributions, up to a cap of \$3,000 worth of contributions. In this case, the maximum tax offset you can receive in a financial year is \$540 (\$3,000 x 18%). No tax offset will apply for contributions in excess of \$3,000 although you may still contribute more than \$3,000 to your spouse's super if you choose.

If your spouse's annual income^{*} exceeds \$10,800, the cap of \$3,000 is reduced by \$1 for each \$1 of income^{*} that your spouse earns in excess of \$10,800. The offset cuts out completely with your spouse's income reaches \$13,800 (\$10,800 + \$3,000).

The table below provides examples of how the tax offset is calculated. You may wish to seek advice from a licensed or authorised financial adviser in regard to your personal circumstances.

Calculating the tax offset, based on the receiving spouse's annual income^{*}

Spouse's annual income [*]	Tax offset
\$10,800 or less	18% x spouse contribution [^] For example, if a \$3,000 spouse contribution is made, the tax offset is \$540, calculated as follows: $18\% \times \$3,000 = \540
\$10,800 to \$13,800	$18\% \times [\text{spouse contribution}^{\wedge} - (\text{spouse income}^{\wedge} - \$10,800)]$ For example, if a \$3,000 spouse contribution is made and the spouse's income [*] is \$12,000, the tax offset is \$324, calculated as follows: $18\% \times [\$3,000 - (\$12,000 - \$10,800)] = \324
\$13,800 or more	Nil

* Income is assessable income plus total reportable fringe benefits amounts.

[^] Up to a maximum of \$3,000 in spouse contributions.

Contribution splitting with your spouse

Each financial year, you can apply to transfer (or 'split') a portion of your before-tax contributions made in the previous financial year to your spouse.

Generally, you can transfer the lesser of:

- 85% of the before-tax contributions made to your super in the financial year, or
- the before-tax contributions cap for the financial year.

Only one application to transfer contributions can be made in a financial year, and the application is irrevocable.

Your application can request that the split amount be sent to your spouse's account in First State Super, or to another superannuation fund in which your spouse is a member. If the split is made to another fund, the standard withdrawal fee is payable from your account.

Spouse contribution splitting is not available for amounts rolled into First State Super or amounts previously transferred to your account under a spouse contribution splitting arrangement. Also, spouse contribution splitting is not available if your super is subject to a payment split or payment flag under a family law agreement or court order.

Generally, you may not split contributions if your spouse:

- is aged 65 or more, or
- is over his or her preservation age (55-60 depending on his or her year of birth) and has retired at the time the application is made.

If you wish to split your contributions with your spouse:

- complete the *Application to split superannuation contributions* form available from our website or from Customer Service, and
- if your spouse is not already a member of First State Super, and you wish the split amount to be transferred to an account for your spouse in First State Super, your spouse can open an account with First State Super.

Contribution splitting may not suit all members so you may wish to seek advice from a licensed or authorised financial adviser in regard to your personal circumstances. For more information visit our website.

Who is a 'spouse' for superannuation and tax purposes?

For the purposes of splitting contributions and claiming a deduction for after-tax contributions to your spouse's super, 'spouse' means:

- a person who is legally married to you, or
- a person (whether of the same sex or a different sex) with whom you are in a relationship that is registered on the relationship registers of either the Victorian State Government, the Tasmanian State Government or the Australian Capital Territory Government, or
- a person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

For purposes of claiming a tax offset for contributing to your spouse's super for 2008-09, 'spouse' means

- a person who is legally married to you; or
- a person who although not legally married to you, lives with you on a genuine domestic basis as your husband or wife.

From 1 July 2009, the above definition of spouse applies.

You may be able to make after-tax contributions to the super of someone who is not your spouse according to this definition, however no tax offset will be available in respect of these contributions.



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