

Fact Sheet for individuals

Russell SuperSolution Master Trust

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?
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- » What are the benefits?

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 and your employer's contributions.

You may transfer up to 85% of the gross concessional contributions made to your account to your spouse. 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 superannuation 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 superannuation may be accessed.

Your spouse will then be able to start a superannuation income stream 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 your preservation age.

» *Have any questions?*

Helpline:
1800 555 667

Website:
www.russell.com.au/super

Email:
yoursupersolution@russellsuper.com

» *Need advice?*

We have handpicked a panel of qualified financial advisers and trained them on your fund. Please call our Helpline to be referred.

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.

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 \$160,000. This means an individual may access up to \$160,000 from their taxable superannuation without paying tax between their preservation age and age 60.

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

Example

Jody and Mark were both born before 1 July 1960, so they both have a preservation age of 55. Mark intends to retire at 55 and take some of his super as a lump sum.

Jody's superannuation balance is \$20,000 and Mark's is \$350,000. Jody has not accumulated much superannuation 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 \$320,000 as a lump sum when they reach 55. The tax situation is below.

Jody's balance has reached \$25,000 after investment growth, and she takes the whole balance tax-free.

Mark accesses \$295,000 from his account to make up the total of \$320,000 and pays \$22,275 tax*.

Scenario 2

Mark transfers some of his super contributions to Jody's account each year, and when they reach 55, Jody has a balance of \$160,000 as a result.

Mark and Jody each access \$160,000 from their accounts to make up the total of \$320,000 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, use the *Contribution Splitting Application Form*. The form is available via www.russell.com.au/forms or by calling our Helpline on 1800 555 667. You may also wish to open an account in Russell SuperSolution for your spouse, which you can split your contributions into. For more information, download a copy of our Personal Division Product Disclosure Statement for your spouse. If you transfer contributions to another account in Russell SuperSolution there is no fee. Transfers out of Russell SuperSolution will incur a \$119.50 payment fee.

* Tax of 16.5% including the Medicare levy on the amount above the tax free threshold of \$160,000. Assumes total balance is made up of taxable component.