

Information about the Commonwealth Government's superannuation co-contribution and the low income superannuation tax offset

This fact sheet provides an overview of the Commonwealth Government's superannuation co-contribution and the low income superannuation tax offset, and how they may apply to you as a member of the State Authorities Superannuation Scheme (SASS), the State Superannuation Scheme (SSS) or the Police Superannuation Scheme (PSS).

1. The super co-contribution

What is a super co-contribution?

The super co-contribution is a Commonwealth Government initiative to assist eligible individuals to save for their retirement. If you are eligible and make personal after-tax superannuation contributions the Government will match your contribution with a co-contribution up to certain limits.

What is the maximum amount of the super co-contribution?

The maximum amount of super co-contribution for the 2012–13 income year or a later income year is \$500.

Am I eligible to receive the super co-contribution?

You are eligible for the co-contribution for a financial year if you meet **all** of the following conditions:

- you made eligible personal superannuation contributions during a financial year, and
- you meet the 'income threshold test' ie your total income* for the financial year was less than the higher income threshold (see table on page 2), and

- you meet the '10% eligible income test' ie you received 10% or more of your total income* from employment-related activities, carrying on a business or a combination of both, and
- you lodged an income tax return for the financial year, and
- you were less than 71 years of age at the end of the financial year, and
- you did not hold a temporary visa at any time during the financial year, unless you are a New Zealand citizen or holder of a prescribed visa.

And for the 2017-18 and later financial years:

- you have a Total Superannuation Balance less than the general transfer balance cap on 30 June of the year before the relevant financial year. For the 2017-18, 2018-19, 2019-20 and 2020-21 financial years the general transfer balance cap is \$1.6 million. For the 2021-22 and 2022-23 financial years the transfer balance cap is \$1.7 million. From the 2023-24 financial year the transfer balance cap is \$1.9 million.
- you have not contributed an amount more than your non-concessional contribution cap for the relevant financial year.

For information on Total Superannuation Balance and contributions caps - see the relevant scheme fact sheet on Contributions Caps and your Total Superannuation Balance: SASS Fact Sheet 16, SSS Fact Sheet 23, PSS Fact Sheet 16.

* The definition of total income for the 'income threshold test' and the '10% eligible income test' differ and may be complex. Please refer to the ATO website for further details under 'Government super contributions'

What is a personal superannuation contribution?

Personal superannuation contributions are the amounts you have contributed to your superannuation fund from your

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after-tax income. As a member of SASS, SSS or PSS, you may make personal after-tax contributions to the scheme. Personal superannuation contributions are taken into account when the Australian Tax Office (ATO) assesses your eligibility for the super co-contribution.

Are there any superannuation contributions which do not attract a super co-contribution?

The following superannuation contributions do not qualify as eligible contributions for co-contribution purposes:

- contributions made by your spouse or any other party on your behalf
- concessional contributions made by your employer or any salary-sacrifice contributions (these are considered to be employer contributions)
- personal super contributions for which you have been allowed an income tax deduction.

How is the super co-contribution calculated?

There are two super co-contribution thresholds - a lower income threshold and a higher income threshold.

- If you are eligible for the super co-contribution and your total income is equal to or less than the lower income threshold, you are eligible for the maximum super co-contribution amount.
- If your income is between the lower and higher income

thresholds, your entitlement is calculated subject to the taper/reduction rate. The taper/reduction rate is the amount by which your super co-contribution entitlement amount reduces as you move from the lower income threshold amount to the higher income threshold amount.

- You are not entitled to a super co-contribution once your total income is equal to or above the higher income threshold.

For the year ending 30 June 2024:

- The co-contribution is \$0.50 for every \$1.00 of non-concessional (after tax) contributions made in a financial year (subject to the maximum co-contribution available).
- For annual incomes up to \$43,445, the maximum co-contribution is \$500.
- For incomes above \$43,445, the maximum of \$500 reduces by 3.333 cents for each dollar of income above \$43,445, so that it phases out completely at \$58,445.

The formula for calculating the maximum co-contribution amount within this annual income range is:

$$\$500 - \{(Your\ total\ annual\ income^* - \$43,445) \times 0.03333\}$$

- * Total annual income means assessable income plus reportable fringe benefits plus reportable employer superannuation contributions less allowable deductions.

Financial year	Lower income threshold	Higher income threshold	What will I receive for every \$1.00 of eligible personal super contributions?	What is my maximum entitlement?
2023-24	\$43,445	\$58,445	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$43,445, up to \$58,445.
2022-23	\$42,016	\$57,016	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$42,016, up to \$57,016.
2021-22	\$41,112	\$56,112	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$41,112, up to \$56,112.
2020-21	\$39,837	\$54,837	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$39,837, up to \$54,837.
2019-20	\$38,564	\$53,564	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$38,564, up to \$53,564.
2018-19	\$37,697	\$52,697	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$37,697, up to \$52,697.
2017-18	\$36,813	\$51,813	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$36,813, up to \$51,813.
2016-17	\$36,021	\$51,021	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$36,021, up to \$51,021.
2015-16	\$35,454	\$50,454	\$0.50, up to your maximum entitlement.	Maximum entitlement is \$500. However, this must be reduced by 3.333 cents for every dollar your total income, less allowable business deductions, is over \$35,454, up to \$50,454.

The lower and higher income thresholds are indexed in line with average weekly ordinary time earnings (AWOTE) each income year. However, the amounts were frozen for the 2010–11, 2011–12 and 2012–13 financial years.

The following table outlines the amount of Commonwealth Government super co-contribution based on your income and total amount of personal after-tax contributions.

Your total annual income is:	Contributions made in the 2023–24 year. If your annual personal after-tax contribution is:			
	\$1,000	\$800	\$500	\$200
Your Commonwealth Government super co-contribution will be:				
\$43,445	\$500	\$400	\$250	\$100
\$46,445	\$400	\$400	\$250	\$100
\$49,445	\$300	\$300	\$250	\$100
\$52,445	\$200	\$200	\$200	\$100
\$55,445	\$100	\$100	\$100	\$100
\$58,445	\$0	\$0	\$0	\$0

Let's look at some specific examples with regard to the super co-contribution:

Example 1

Tony's total income in the financial year ending 30 June 2024 is \$39,500. Tony made personal after-tax contributions to his superannuation scheme totalling \$800 in the year and meets all the other conditions necessary to receive a super co-contribution.

As Tony's total income is below \$43,445, he is entitled to the lesser of:

- the maximum super co-contribution for the year of \$500,
- the maximum co-contribution available of \$500, or
- the amount of eligible personal super contributions multiplied by 0.50 - \$400.

In this case, he would be entitled to a co-contribution of \$400.

Alternatively, if Tony contributed \$1,000, he would be entitled to the lesser of:

- the maximum super co-contribution for the year of \$500,
- the maximum co-contribution available of \$500, or
- the amount of eligible personal super contributions multiplied by 0.50 - \$500.

In this case, he would be entitled to the maximum of \$500.

Example 2

Julie's total income for the financial year ending 30 June 2024 is \$45,845. Julie makes personal after-tax contributions to her superannuation scheme totalling \$1,000 for the year. To determine Julie's super co-contribution, the first step is to calculate the maximum super co-contribution available, as follows:

Maximum super co-contribution:\$500

Less reduction of 3.333 cents for every \$1.00 of income over \$43,445

\$500 - {0.03333 x (\$45,845 - \$43,445)}\$ 420

Maximum super co-contribution available\$ 420

In this case, as Julie's income is above \$43,445, she is entitled to the lesser of:

- the maximum super co-contribution for the year of \$500,
- the maximum co-contribution available of \$420, or
- the amount of eligible personal super contributions multiplied by 0.50 - \$500.

In this case, she would be entitled to a co-contribution of \$420.

2. The Low Income Superannuation Tax Offset (LISTO)

What is the Low Income Superannuation Tax Offset?

The Low Income Superannuation Tax Offset (LISTO) is a contribution tax refund of up to \$500 annually for low-income earners and is payable in respect of concessional contributions made in the 2017-18 and future income years. The LISTO was previously known as the Low Income Super Contribution (LISC) in the 2012-13 to the 2016-17 income years. For simplicity this contribution will be referred to as the Low Income Superannuation Tax Offset or LISTO as the same principles apply regardless of the year the payment relates to.

If you earn less than \$37,000 a year, and you or your employer make concessional (before tax) contributions on your behalf, then you can expect a refund of the contributions tax deducted from your superannuation account. The refund is called the Low Income Superannuation Tax Offset (LISTO) and will be paid directly back to your superannuation fund.

Am I eligible to receive the Low Income Superannuation Tax Offset?

You are eligible for the LISTO in a financial year if you meet **all** of the following conditions:

- you or your employer pay concessional contributions for the year to a superannuation fund,
- your adjusted taxable income* for the financial year was less than \$37,000, and
- you received 10% or more of your total income* from employment-related activities, carrying on a business or a combination of both, and
- you did not hold a temporary visa at any time during the financial year, unless you are a New Zealand citizen or holder of a prescribed visa.

* For information on the definition of adjusted taxable income and total income, please refer to the ATO website for further details under 'Government super contributions'.

The LISTO is a different payment from the existing super co-contribution and an individual's entitlement to this payment will be assessed separately. The LISTO is payable (where eligible) even if an individual is not entitled to the super co-contribution.

What are concessional contributions?

Concessional contributions are sometimes known as 'pre-tax' contributions. These contributions generally include:

- employer contributions, including compulsory super guarantee contributions,
- salary sacrifice amounts,
- notional taxed contributions for a defined benefit interest.

As a member of SASS, SSS or PSS, your concessional contributions will include your notional taxed contributions and, as you may salary sacrifice your compulsory contributions to the scheme, any salary-sacrifice amounts. Concessional superannuation contributions are taken into account when the Australian Tax Office (ATO) assesses your eligibility for the LISTO.

Are there any superannuation contributions which do not attract the LISTO?

Non-concessional or 'after-tax' contributions will not qualify as eligible contributions for LISTO purposes.

How is the LISTO calculated?

The amount of LISTO is calculated at a rate of 15 per cent of the total eligible concessional contributions for the year, up to a maximum payment of \$500. Let's look at some specific examples with regard to the LISTO:

Example 1

Michelle's total income for the financial year ending 30 June 2024 is \$35,000. Michelle is a member of SASS and her notional employer contributions for this income year equals \$4,620. Michelle also meets all the other conditions necessary to receive a LISTO payment.

Michelle's total concessional contributions for the financial year equals \$4,620. The applicable contributions tax (15%) on \$4,620 is \$693.

In this case, Michelle is entitled to the lesser of:

- 15% of her total concessional contributions, i.e. \$693, or
- the maximum LISTO available, i.e. \$500.

In this case, Michelle would be entitled to a LISTO of \$500.

Example 2

Peter's total income in the financial year ending 30 June 2024 is \$32,000. Peter is a member of SSS. His notional employer contributions for this income year equals \$1,920 and he also has \$7,500 in salary-sacrifice contributions. He meets all the other conditions necessary to receive a LISTO payment.

Peter's total concessional contributions for the financial year equals \$9,420 (\$1,920 + \$7,500). The applicable contributions tax (15%) on \$9,420 is \$1,413.

In this case, Peter is entitled to the lesser of:

- 15% of his total concessional contributions, i.e. \$1,413, or
- the maximum LISTO available, i.e. \$500.

In this case, Peter would be entitled to a LISTO of \$500.

Example 3

Mark's total income in the financial year ending 30 June 2024 is \$38,000. Mark is a member of SSS. His notional employer contributions for this income year equal \$2,280.

Mark is not eligible for the LISTO. As there is no taper of total income, individuals who have a total income of more than \$37,000 will not be eligible for the low income superannuation contribution.

3. The following information relates to the super co-contribution and the LISTO

Do I have to pay tax on a super co-contribution or LISTO?

No. The super co-contribution and the LISTO are treated as personal after-tax contributions which form part of your tax-free component and will not be subject to taxation when received by STC. The tax free component is generally also tax free when paid as a benefit from your superannuation scheme. However, tax at a maximum rate of 15% is payable on the investment earnings on the Government contributions while it is in your scheme. Benefits tax may also be payable on the earnings when the benefit is taken from the scheme. For more information about taxation, see STC Fact Sheet 3 *Taxation* which is available at www.statesuper.nsw.gov.au or by contacting Customer Service.

Do I need to apply for the super co-contribution or the LISTO?

No. You do not need to apply for the super co-contribution or the LISTO – or to fill in any additional forms. The ATO will use contribution data from your superannuation fund and information from your tax return to assess whether you are

eligible for these payments (Note: an individual does not need to lodge a tax return to be eligible for the LISTO – unlike the super co-contribution. In this case the ATO will assess eligibility for the LISTO based on information it has available).

Please note that we cannot accept these payments if you have not provided us with your tax file number (TFN).

When will my super co-contribution or LISTO be paid?

These Government contributions are payable after:

- you have lodged your income tax return (only applicable for the super co-contribution), and
- your superannuation fund has provided information regarding your contributions to the ATO. The ATO generally receives the required information from superannuation funds by 31 October following the end of the financial year.

Generally, your Government contributions should be paid to your superannuation account within 60 days after the ATO has received all the necessary information and assessed your income tax return (if applicable).

Where is my super co-contribution and LISTO paid to?

For SASS, SSS and PSS members, the Government contributions will generally be paid directly into the superannuation scheme which received your personal superannuation or concessional contributions. Both the co-contribution and LISTO will be deposited into your Government Contribution account. The Government Contribution account is an account that is established by STC in which Commonwealth contributions are paid. Investment earnings are applied at the growth option rate which can be positive or negative. The balance of this account is payable to you in addition to any other entitlement you receive from the scheme. However, if you want to have your super co-contribution or LISTO paid to another superannuation fund, you may complete a *Superannuation Fund Nomination Form* which is available from the ATO website, www.ato.gov.au, or by contacting the ATO information line.

How will I know I have received a super co-contribution or a LISTO?

The ATO will send you a letter with details of your Government contribution payment after it has been paid to your superannuation scheme. Any Government contributions received by STC for you will be shown on your next annual statement.

Do I need to contribute more to super?

You can determine how much you contribute each year to SASS, SSS or PSS by looking at your annual statement.

As shown in the super co-contribution examples on page 3, the maximum super co-contribution is dependent on your income and the amount you contributed to your superannuation scheme on an after-tax basis. Your personal contributions to SASS, SSS or PSS may be sufficient to attract the maximum super co-contribution.

If you are a member of SASS and are not contributing at the maximum 9% contribution rate, you may increase your level of personal contributions to that scheme from 1 April each year.

You can do this by selecting a higher percentage (up to 9%) contribution rate on your annual contribution election form. This is enclosed with your annual statement and must be submitted by 31 December each year. If you want to further increase your personal contributions to maximise your super co-contribution entitlement, you may make additional after-tax contributions to another superannuation fund. However, we are unable to accept additional contributions into SASS, SSS or PSS.

In regards to the LISTO, as detailed above, your concessional contributions include your notional employer contributions. If your total income does not exceed \$37,000, these notional amounts will be eligible concessional contributions to be assessed for this payment. If you salary sacrifice your compulsory contributions as well, these will also be assessed as part of your total concessional contributions for the LISTO. Your annual statement will show contributions which are made on a salary-sacrifice basis. To determine your notional employer contributions, please refer to the relevant *Concessional contributions cap fact sheet* for your scheme – SASS Fact Sheet 16, SSS Fact Sheet 23 or PSS Fact Sheet 16. These fact sheets are available on the State Super website, www.statesuper.nsw.gov.au.

When can I access the super co-contribution or LISTO payment?

Both the super co-contribution and LISTO payments are required to be preserved until you satisfy a condition of release for preserved benefits. Under the Commonwealth's preservation requirements, part of your superannuation benefit will generally be required to be maintained in the scheme until you cease employment from age 60 or permanently retire from the workforce at or after your preservation age, (i.e. between age 55 and 60). Your preserved component is also immediately payable if you are permanently incapacitated or die. Your annual statement also provides details of the preservation requirements. For more information about the compulsory preservation rules, see STC Fact Sheet 4: *When can I be paid my superannuation benefits?* which is available on the State Super website, www.statesuper.nsw.gov.au or by contacting Customer Service.

More information

If you need more information, please contact us:

Telephone: **SASS** 1300 130 095 **SSS** 1300 130 096 **PSS** 1300 130 097 **Deferred Benefits** 1300 130 094
8.30 am to 5.30 pm, Monday to Friday.

Personal interviews: Please phone to make an appointment.

Postal address: State Super, GPO Box 2181, Melbourne VIC 3001

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