

Low-income super support options

The low income super tax offset (LISTO) and co-contribution schemes are Federal Government initiatives to help people on low incomes save for retirement.



The low income super tax offset

The LISTO is effectively a refund of the 15% contribution tax payable on concessional super contributions.

In combination with the co-contribution scheme, it aims to increase the retirement benefits of lower-income workers.

How does it work?

Under the LISTO scheme, if you are earning¹ less than \$37,000 a year, you will receive a refund of the 15% contributions tax paid on your concessional contributions which include super guarantee (SG), salary sacrifice and personal deductible contributions. The maximum benefit is \$500 a year paid directly to your super account.

To be eligible for LISTO, you must not have been a temporary resident of Australia for any part of the financial year. You don't

have to submit a tax return to receive your entitlement. The Australian Tax Office (ATO) will calculate this based on information they collect from your fund and your employer.

The government co-contribution

The co-contribution is a payment made by the government to reward a lower-income earners for making after-tax contributions to super. The maximum benefit you can receive is \$500 per financial year paid directly to your super account.

Under this scheme, you will receive the highest payment of \$500 if you make after-tax contributions of \$1,000 and your income is \$38,564 or less for 2019-20.

¹ Earnings include your taxable income, adjusted fringe benefits and reportable super contributions.

How does it work?

There is no paperwork required to apply for the co-contribution. The ATO does all the work for you. To be eligible, you need to:

- make personal after-tax (non concessional) contributions to your super which do not exceed the cap²
- have a total superannuation balance across all of your accounts of less than \$1.6 million (for 2018-19 indexed)
- receive at least 10% of your assessable income from employment or self-employment activities
- lodge an income tax return
- have given your tax file number (TFN) to your super fund
- be less than 71 years of age at the end of the financial year
- have not been a temporary resident of Australia for any part of the financial year.

The ATO checks your after-tax contributions and your income, determines the payment on the basis of your income and pays the money directly into your super account.

Contributions that do not qualify for the government co-contribution include:

- employer SG contributions
- salary sacrifice contributions
- personal deductible contributions
- any super you roll over from other super funds and transfers from overseas super funds.

If you are over 65, you must be gainfully employed, at least on a part-time basis, to make an after-tax contribution.

² From 1 July 2017, the cap on after-tax contributions is generally \$100,000 a year. You may be eligible to bring forward the cap amount for up to three years (i.e. up to \$300,000) if you are under age 65. If you have more than \$1.6 million (indexed) in super (across all funds) your cap will be nil.



What you need to do

The maximum LISTO payment of \$500 is payable in respect of SG contributions if your salary (technically, your ordinary time earnings) is between \$35,000 and \$37,000. For example, if your salary is \$35,000, your employer will make SG contributions to your super account of \$3,325 ($\$35,000 \times 9.5\%$) and you will pay contributions tax of \$500 ($\$3,325 \times 15\%$). This is the amount that the ATO will automatically refund to your super account.

If your salary is less than \$35,000, you need to make additional before-tax contributions to receive the maximum LISTO payment of \$500. For example, if your salary is \$30,000, your employer will make SG contributions to your super account of \$2,850 ($\$30,000 \times 9.5\%$). To receive the maximum payment, you should make additional before-tax contributions of \$483, which will take your total before-tax contributions to \$3,333.

You can make before-tax contributions under a salary sacrifice arrangement with your employer or by making personal contributions you claim as a tax deduction.

If you want to take advantage of the **co-contribution** scheme, you need to make personal after-tax contributions to your super. The easiest way to do this is via BPAY® or regular payroll deduction. You can also make personal contributions via direct debit, one-off or regular transfers from your bank account using EFT or BPAY®, or you can send a cheque.

There are no application forms to complete to access either the government co-contribution or LISTO schemes, but you will need to lodge an income tax return to qualify for a co-contribution. The ATO will work out any entitlements based on your earnings, before-tax contributions and after-tax contributions.

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Important

We can't accept any after-tax contributions if we don't have your **tax file number**.




Incentives for low income workers to save money through superannuation.




To find out more, visit firststatesuper.com.au/ContributionCalculator

This calculator can show you how even small additional contributions can give your super a big boost.

We're here to help!

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Super can be quite complicated and sometimes you just want to know that you're making the right decisions. Because the right decisions about your super can make a real difference to your financial future.

So if you've got any questions, or you just want the comfort of knowing you're on the right track, getting some advice can help.

StatePlus¹ is our financial planning business and is wholly owned by us. The team at StatePlus can answer simple questions about your super over the phone, or if your situation is more complex, prepare a full financial plan for you. It's all up to you, no obligation. Book online at firststatesuper.com.au/advice or call **1800 620 305** (Monday to Friday 8.15am to 8.15pm AEST/AEDT) to arrange an appointment.

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