



Superannuation Contribution Limits:

The recent Federal Budget contained some significant changes to superannuation. In particular, the amount you are allowed to contribute each year will be reduced significantly from 1 July this year. These changes may significantly limit your ability to utilise superannuation to save tax effectively for retirement. Taking advantage of maximum concessional contribution limits this year will boost your superannuation savings while gaining significant tax advantages at the same time. To maximize your pre tax contributions to superannuation you must act before 30 June 2009. From 1 July 2009 the annual limits will be reduced as follows:

Contribution Cap	2008/09	2009/10 (before Budget)	2009/10 (after Budget)
Concessional contributions cap (CC) (after tax)			
Under age 50 ¹	\$50,000	\$55,000	\$25,000
Over age 50 (until 30/6/2012) ²	\$100,000	\$100,000	\$50,000
Non-concessional contributions (annual NCC) cap³ (after tax)	\$150,000	\$165,000	\$150,000
3-year NCC cap⁴	\$450,000	\$495,000	\$450,000

¹ These thresholds are indexed in line with movements in Average Weekly Ordinary Time Earnings (AWOTE) in increments of \$5,000 (rounded down).

² This cap is not indexed.

³ This cap is equal to six times the CC cap. It will change when the CC cap is indexed.

⁴ This cap only applies to individuals less than 65 on the first day of the financial year. The year in which the 3-year cap is initially triggered determines the value that can be contributed during the 3-year period.

2008/09 Government Co-Contribution:

The maximum rate and amount of Government co-contributions to superannuation (currently \$1,500 for each \$1,000 contributed by an eligible taxpayer) will be reduced over a five year period. This is a temporary reduction; from 2014/15 the co-contribution again increases to a maximum of \$1,500.

The reductions to the maximum rate and amounts of the Government co-contribution are summarised in the table below.

Contribution year	Matching rate %	Maximum co-contribution
2008/09	150%	\$1,500
2009/10	100%	\$1,000
2010/11	100%	\$1,000
2011/12	100%	\$1,000
2012/13	125%	\$1,250
2013/14	125%	\$1,250
2014/15 onwards	150%	\$1,500

To qualify for the full \$1500 government contribution your 2008/09 assessable income must be \$30,342 or less and you must make a personal after tax contribution of \$1,000 into superannuation before 30 June 2009. Where your 2008/09 assessable income is \$60,341 or less you may be eligible for part payment of the Government Co-Contribution. You are not eligible for the government co-contribution if your 2008/09 assessable income is \$62,342 or higher.

What to do next:

If you are considering additional contributions before 30 June, please call us to discuss your situation and we can help you determine what contributions options are available to you and assist you in getting your contributions into your fund before 30 June. We suggest that you don't leave it until the 29th of June as there are no guarantees of your fund will be able process your contribution pre 30 June!

If you have any queries, please contact us.

Regards

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