Russell Investments

Fact Sheet for individuals

Spouse contribution splitting

You can transfer some of your superannuation contributions to an account for your spouse, which may save tax or allow you to access your super earlier.

What is contribution splitting?

Contribution splitting is a process that allows you to transfer some of the contributions made to your superannuation 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, your personal tax deductible contributions and your employer's contributions.

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

Your spouse will then be able to start a super 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 you reach preservation age.

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.

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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 $205,000. This means an individual may access up to $205,000 from their taxable super 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.

Here's an example

Jody and Mark were both born between 1 July 1961 and 30 June 1962, so they both have a preservation age of 57. Mark intends to retire at 57 and take some of his super as a lump sum.

Jody's super balance is $40,000 and Mark's is $350,000. Jody has not accumulated much super, 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 $390,000 as a lump sum when they reach age 57. The tax situation is below.

Jody's balance is $40,000, and she takes the whole balance tax-free.

Mark accesses $350,000 from his account to make up the total of $390,000 and pays $24,650 tax.[1]

Scenario 2

Mark transfers some of his super contributions to Jody's account each year, and as a result when they reach age 57, Jody has a balance of $195,000.

Mark and Jody each access $195,000 from $390,000 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 super are tax-free, regardless of the amount.

To make a spouse contribution splitting application, use the Contribution Splitting Application Form. You can download this form from russellinvestments.com.au/forms or ask for a form by calling us on **1800 555 667.**

You may also wish to open an account in the Russell Investments Master Trust for your spouse, which you can split your contributions into. For more information, download a copy of our iQ Super – General Product Disclosure Statement. There is no fee for splitting contributions with your spouse's account in the fund. However, if the contributions are to be paid to an account your spouse has in another fund, you will be charged an Exit Fee of $84.25 for each splitting payment. This fee is indexed at AWOTE each year on 1 July.

1 Tax of 17% including the Medicare Levy on the amount above the tax free threshold of $205,000. Assumes total balance is made up of taxable component.