

## FACT SHEET

# GOVERNMENT SUPERANNUATION CHANGES

Christian Super supports the changes announced by the Government in their response to the Henry Review recommendations on superannuation. Whilst most changes don't start until July, 2012 –for a person now in their twenties the potential \$100,000 in additional retirement savings as a result of the changes is good news.

The main policy initiatives outlined by the Henry Tax Review and undertaken by the Australian government relating to Superannuation are:

- Increase in the Superannuation Guarantee from 9% to 12%
- Increase in the Superannuation Guarantee age from 70 to 75
- Introduction of Government contributions for low income earners
- Higher Concessional Contributions cap for certain groups

Any changes to superannuation will always raise questions. The first one is usually, **"What's in it for me?"** Below is a summary of the changes and how they will affect you. At Christian Super we believe it also gives you the opportunity to ask another question. **"How will I use my superannuation when I do retire?"**

This second question is one you may not have considered. We suggest you take this opportunity to think about the following:

**How do you view your retirement? Will it be a time of leisure and pleasure, doing all the things you always wanted to do, or do you see it as an opportunity to continue to serve God, with the greater freedom and extra free-time that retirement brings?**

Superannuation that is accumulated prudently has great potential to honour God and enable a fulfilling retirement. If you'd like to find out more about how you might be able to use your retirement to serve God more, please contact us. We have a range of information which might be helpful.

## What are the key superannuation recommendations?

### Increase in the Superannuation Guarantee from 9% to 12%

From 1 July 2013 to 1 July 2019 the Government has announced it will increase the Superannuation Guarantee rate from 9 per cent to 12 per cent by small annual increments.

### Increase in the Superannuation Guarantee age from 70 to 75

We have seen a commitment to provide mature workers an extra incentive to remain in the workforce by raising the superannuation guarantee age limit from 70 to 75 from 1 July 2013.

### Introduction of Government contributions for low income earners

The Government will pay an extra contribution for low-income earners to offset contributions tax on concessional contributions, from 1 July 2012 (although the first contribution from the Government, in relation to the 2012-2013 year, will not be paid until 2013-2014).

The contribution will be 15 per cent of concessional contributions made by or for individuals on adjusted taxable incomes of up to \$37,000, aiming to match the 15 per cent contributions tax on those contributions, subject to a maximum contribution of \$500 p.a. (not indexed). This contribution will be on top of the current Government co-contribution scheme, which remains unchanged.

### Higher Concessional Contributions cap for certain groups

Individuals aged 50 or over with total superannuation balances of less than \$500,000 will be eligible for a higher concessional contributions cap of \$50,000 (indexed) from 30 June 2012. This extends the current concessional contributions cap of \$50,000 (which is not indexed) for those aged 50 or over, which is due to expire on 30 June 2012. The higher cap will allow those with lower superannuation balances to "catch up", and particularly benefit those who have had periods outside the workforce.

These proposals are all good news for the superannuation industry - some will require administration system changes but all are designed to increase retirement savings.

None of the proposals will have immediate effect, with the earliest effective date being 1 July 2012. Remember, these proposals will need to be passed into legislation before they become law.

For more information, go to [www.taxreview.treasury.gov.au](http://www.taxreview.treasury.gov.au)