

Friday, 29th December 2006

MAKE 2007 A SUPER YEAR

With many Australians making their New Year's resolutions, the Minister for Revenue and Assistant Treasurer, Peter Dutton, urged people to think about investing in their superannuation.

“With the Government's reforms to superannuation making it the most attractively taxed investment vehicle, Australians should consider making a ‘super resolution’ “, Mr Dutton said.

“The Government's superannuation co-contribution scheme means that a ‘super resolution’ can really pay off for low and middle income workers,” he said.

Under the co-contribution scheme the Government contributes \$1.50 for every \$1 of after-tax superannuation contributions made by employees earning up to \$28,000, up to a maximum co-contribution of \$1500 per year. The co-contribution phases out completely for employees earning more than \$58,000.

“For example, a 30 year old employee on \$28,000 a year who makes after tax contributions of \$1000 annually (around \$20 per week) into their superannuation account will receive a government co-contribution of \$1500.”

“If the same worker keeps making that contribution every week until they retire at age 60, they will have an additional \$105,000 in real terms in their superannuation - which they will take out tax free thanks to the Government's simplified superannuation reforms.”

From 1 July 2007 the superannuation co-contribution scheme will be extended to the self employed.

Mr Dutton urged self employed people who will become eligible for the co-contribution to plan ahead to make sure they can make contributions to their superannuation after 1 July 2007.

“Of course all Australians who have their superannuation in taxed funds will be able to withdraw it tax free after they turn 60 – a great incentive to put a bit more in now.

For more information on the superannuation co-contribution, go to www.ato.gov.au/super or call 13 10 20.

For more information about the Government's simplified superannuation reforms, go to www.simplersuper.treasury.gov.au.

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