



# FACT SHEET

## **SUPERANNUATION — LOW INCOME EARNERS GOVERNMENT CONTRIBUTION**

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### **Measure description**

This measure will provide a superannuation contribution of up to \$500 annually for individuals on adjusted taxable incomes of up to \$37,000 to improve the equity of superannuation taxation arrangements.

The amount payable under this measure will be calculated by applying a 15 per cent matching rate to the concessional contributions made by or for individuals on adjusted taxable incomes of up to \$37,000, with an annual maximum amount payable of \$500 (not indexed). The amount will be paid into a superannuation account of an individual to directly boost their retirement savings.

Concessional superannuation contributions made from 2012-13 will be eligible for the Government contribution. This will be paid in 2013-14.

### **Rationale**

Currently, as a result of the flat tax rate for all superannuation concessional contributions, low-income earners receive little or no concession.

This measure will improve the equity of superannuation taxation arrangements by effectively returning the tax payable on superannuation guarantee contributions made for low-income earners.

### **Key facts**

The amount will be paid into a superannuation account of an individual to boost their retirement savings directly. The first year of the measure will be in respect of contributions made in 2012-13, with the first payments to individuals' funds expected in 2013-14.

The measure will provide a 15 per cent taxation concession on their superannuation guarantee contributions to individuals who have a 15 per cent personal marginal tax rate. It will also remove the 15 per cent tax penalty that individuals with a zero per cent personal marginal tax rate currently face in relation to their superannuation guarantee contributions.

The superannuation savings of 3.5 million low-income earners will be boosted by \$830 million over the forward estimates, and this should lead to higher retirement income outcomes for those benefiting.

### **Indicative timeline**

The Government will consult with the superannuation industry on the details of the measure in due course. A consultation paper will be issued at that time.

Concessional superannuation contributions made from 2012-13 will be eligible with the first Government contribution paid in 2013-14.