

Smart Money

A super present for workers

Q : Do you think the Superannuation Co-contribution is really worthwhile taking up?

A : I like to think of the Super Co-contribution as the best gift a mum or dad can give, particularly to a young worker.

The Federal Government will once again give many employed people up to \$1500 if they contribute an extra \$1000 to their retirement savings – subject to a sliding scale that stops at \$58,000 a year in salary and fringe benefits.

In reality, not many people earning that sort of money can afford an additional \$1000 – so this is where a loved one can really make a huge difference to

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the long-term financial welfare of another by giving the eligible person the money to contribute to superannuation.

For an 18 year old earning a wage of \$28,000, this means their total super can be \$2,520 (9 per cent compulsory contribution) plus \$1000 from a loved one and \$1500 from the government – making \$4,642 after tax on super contributions.

Say this money is then with-

drawn on retirement, 40 years of compound interest would mean it would be worth an amazing \$35,341 (using ASIC's compound interest calculator).

This benefit is not restricted to young workers. Low income working spouses can benefit, or high-earning children can help working parents.

All you need to do to get this free gift of up to \$1500 is make an extra contribution of up to \$1000 into your super fund and have income from employment of less \$58,000. The government will do the rest.

□ Answered by Theo Marinis of Marinis Financial Group. Answers should be used as a general guide only and professional advice should be sought before making investment decisions. To find a financial planner, call the Financial Planning Association on 1800 626 393 or visit www.fpa.asn.au.

