



# EMPLOYER UPDATE



As at 12 May 2010

## 2010 Federal Budget Update

On Tuesday 11 May 2010, Wayne Swan delivered his third Budget speech as Federal Treasurer. Read on to find out how the super-related announcements may affect you and your employees.

**Please note:** All Budget announcements are proposals only at this stage. They are not definite until the legislation for these proposals has been introduced and passed by Parliament

### Superannuation Guarantee (SG) to go up

From 1 July 2013 the SG will gradually increase from 9% to 12%.

Start date	How much
Until 30 June 2013	9%
1 July 2013 – 30 June 2014	9.25%
1 July 2014 – 30 June 2015	9.5%
1 July 2015 – 30 June 2016	10%
1 July 2016 – 30 June 2017	10.5%
1 July 2017 – 30 June 2018	11%
1 July 2018 – 30 June 2019	11.5%
1 July 2019 onwards	12%

### SG age limit increases from 70 to 75

From 1 July 2013 the age at which employees will no longer be entitled to an employer SG contribution will be increased from age 70 to age 75. The work test for contributions to employees over the age of 65 will still apply.

### Concessional contributions limit increases for 50's and over

**Concessional contributions** are before tax contributions paid by employers (including superannuation guarantee and salary sacrifice contributions).

In its 2009/10 Federal Budget, the Government announced it was going to halve the concessional contributions limit for members aged 50 and over from \$100,000 to \$50,000, with a further reduction to \$25,000 in the 2012/13 tax year.

However, in response to the 'Henry' review recommendations, the Government has decided to provide permanent relief by increasing the limit. However, conditions apply.

- **Up to 30 June 2012.** The current 'transitional' arrangements will continue to apply – members can contribute up to \$50,000 in concessional contributions each financial year without exceeding the limit.
- **From 1 July 2012.** A permanent \$50,000 concessional contributions limit will apply if the member has less than \$500,000 in their super.
- **From 1 July 2012.** If a member has \$500,000 or more in their super, they will continue to have the \$25,000 concessional contributions limit applied.



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## Extra Government boost for low income earners

From 1 July 2012, a Government contribution to superannuation of up to \$500 will be introduced for low income earners with an adjusted taxable income below \$37,000. This will effectively mean waiving the 15% contribution tax for low income earners.

## Government co-contribution permanently reduced

In its 2009/10 Federal Budget the Government announced a temporary reduction to the co-contribution from \$1,500 to \$1,000 for a period of three years, before gradually increasing it back to \$1,500 from 1 July 2014.

This year's Budget announcement overrides this temporary reduction, so that the Government co-contribution going forward will always be dollar for dollar, up to a maximum co-contribution of \$1,000.

The co-contribution applies for incomes up to \$61,920 and will be partially offset by the \$500 Government contribution for low income earners, but only for those with an adjusted taxable income below \$37,000.

## Upper and lower co-contribution limits temporarily frozen

The upper and lower income limits (that apply for qualifying for the co-contribution) will be frozen for the next two years. The current limits are:

→ Lower – \$31,920

→ Upper – \$61,920

These limits will start to increase again in line with the Consumer Price Index (CPI) from 1 July 2012.

## More information

If you have any questions about how the Federal Budget changes will affect you and your employees, please feel free to contact your BUSS(Q) Employer Representative by calling us on **1800 657 216** and we'll be happy to help you.

### IMPORTANT INFORMATION

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