



Monthly Information Newsletter – Tax & Super

October 2022

Bridging the super gender gap

Fresh statistics released by the ATO reveal that the superannuation gender cap is very real.

While the average super balance for a man is \$161,834, for a woman it's \$129,506 – a massive 25% difference. This gender gap begins in peoples' twenties, mostly caused by wage differences and time off for children, and by their early thirties it is already 20%. A man aged 30-to-34 has an average super balance of \$48,603 and a woman \$40,479, the ATO data shows. The compounding impact of this difference alone over time is significant.

There are at least three key strategies that can be implemented to help close this gap. Reach out to us if you have any questions around the following concessions:

1. Catch-up contributions

If you make or receive concessional contributions (CCs) of less than the annual concessional contributions cap of \$27,500 (for the 2022/23 financial year), you may be able to accrue these unused amounts and carry them forward for use in subsequent financial years. This is known as catch-up concessional contributions.

Catch-up concessional contributions can accrue from 2018/19. Unused cap amounts can be carried forward for up to five years before they expire. To be eligible to make catch-up CCs, your total super balance must be below \$500,000 at the prior 30 June.

The ATO will determine your total super balance based on information it receives from your super funds. You can find out your balance by logging into your myGov account www.my.gov.au

2. Spouse contributions

If you have a spouse, they can help top up your superannuation by making a contribution to your fund (spouse contribution).

In terms of the amount of the contribution, you cannot contribute more than your partner's non-concessional contributions cap, which is \$110,000 per year.

However, if your partner is under 75 and eligible, they (or you) may be able to make up to three years of non-concessional contributions in a single income year, under the bring-forward rules, which would allow a maximum contribution of up to \$330,000 (but no more for the following two years). However, non-concessional contributions can't be made once your spouse's super balance reaches \$1.7 million or above as at 30 June of the previous financial year.

By making a spouse contribution, the contributing spouse may also be eligible for a tax offset if the receiving spouse has an income of less than \$40,000.

3. Super splitting

Another way to increase your partner's super is by splitting up to 85% of your concessional super contributions with them, which you either made or received in the previous financial year. Concessional super contributions can include employer and or salary-sacrifice contributions, as well as voluntary contributions you may have claimed a tax deduction for.

To be eligible for contributions splitting, your partner must be under their preservation age, or between their preservation age and 65 (and not retired).

In terms of limits on the contribution, amounts you split from your super into your partner's super will count toward your concessional contributions cap, which is \$27,500 per year.

Unused cap amounts accrued since 1 July 2018 can also be contributed, contingent on eligibility.

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