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Super changes on the way

Changes to income assessment with salary sacrifice

If you have been salary sacrificing part of your income into super, some changes to the way your income will now be assessed may impact on you.

The Government has prepared legislation that will change the way they assess your income if you salary sacrifice.

The new legislation is scheduled to take effect from 1 July 2009. It proposes to now include any amount that you might salary sacrifice as part of your income when assessing your eligibility for a number of Government entitlements. It will also be added back into your income to assess any child support payments.

According to Quadrant chief executive Wayne Davy, these changes could impact on anyone who pays child support or receives certain Government benefits.

“Under the existing arrangements, salary sacrificing has often been an effective strategy to boost your super as well as access additional benefits. This meant that you might have been eligible to receive the spouse contribution rebate, co-contribution or family tax benefits by reducing your income so that it fell below the respective threshold,” he said.

He recommends that if you are salary sacrificing and paying child support or receiving the age pension, income support payments, family tax benefits, co-contributions, or the Commonwealth Seniors Card, it might be time to speak to a financial advisor to see how this change may affect you and your family.

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