

February 2017

Super Changes – now legislated effective from 1 July 2017. Now is the time to learn about the changes and take action before 30 June 2017. The key changes include:

Balance Cap:

- Members currently on a pension with a balance of more than \$1.6 million will need to withdraw the excess OR revert the excess into accumulation phase (income of which is taxed at 15%). Special rules apply to defined benefit pensions.

Removal of Tax Exemption for TTR Pensions

- Income generated from assets supporting the payment of Transition To Retirement pensions will lose its current tax-exempt status and be taxed at 15 per cent. The ability to elect to treat a withdrawal from transition to retirement pension account as being a lump sum will also be removed.

Concessional Contributions:

- Concessional contributions will be reduced to \$25,000 down from \$30,000 for those under 50 and \$35,000 for those over 50.

Non-Concessional Contributions:

- The annual non-concessional contributions will be capped at \$100,000, (currently \$180,000) with the three year bring-forward rule remaining for those under 65 and still working. Until 30 June 2017 the three year bring forward amount is \$540,000 for those under 65 years of age. Members with a balance exceeding \$1.6 million will no longer be allowed to make non-concessional contributions.

Spouse Offset

- The tax offset available to those who make contributions on behalf of their spouses will apply to spouses earning up to \$37,000 (currently \$10,800).

30% Tax on Super Contributions:

- Those with adjustable taxable income of \$250,000 or more (was \$300,000) will attract double tax on concessional contributions.

Tax Deductible Super contributions

- Those under the age of 75 will be permitted to claim tax deductions for personal super contributions (voluntary concessional contributions).

Catch-up concessional contributions

- From **1 July 2018**, members with balances below \$500,000 will be able to catch-up on their unused portions of the concessional cap and it can be carried forward on a rolling basis for a period of five years.

Please take note of the above and make the most of the rules as they stand.