



Superannuation Changes Are Coming Soon

The superannuation reforms first announced in the 2016 Federal Budget have now received Royal Assent with most of the changes to commence from 1 July 2017. These changes are designed to improve the sustainability, flexibility and integrity of Australia's superannuation system and there is only a short window of time to take action before the changes come into effect.

An overview of the key changes can be found below:

- Introduction of a \$1.6m cap (called the "transfer balance cap") on the amount of capital that can be transferred to the tax-free earnings retirement phase of superannuation
 - If an individual exceeds their transfer balance cap, the superannuation fund will need to commute (reduce) the excess back to an accumulation account & there will be tax imposed on the excess transfer balance earnings to neutralize any benefits from having excess capital in the tax-free earnings phase
- Lowering the non-concessional (post-tax) contributions cap to \$100,000 per annum (currently \$180,000 per annum)
 - Only available to individuals aged between 65 and 74 if they meet the "work test" (gainfully employed for at least 40 hours in 30 consecutive days)
 - There will still be the ability to "bring forward" up to three years non-concessional contributions for those individuals aged under 65
 - If your total superannuation balance is above \$1.6m at 30 June of the previous year, you are not eligible to make any further non-concessional contributions
- Reducing the concessional (pre-tax) contributions cap to \$25,000 per annum for all individuals regardless of their age
- Reducing the threshold at which high-income earners pay Div 293 tax on concessional taxed superannuation contributions to \$250,000 (currently \$300,000)
- Expanding the ability for individuals to claim a tax deduction for their personal superannuation contributions by removing the requirement that individuals must earn less than 10% of their income from employment related activities
- Allowing individuals to make catch-up concessional contributions by "carrying forward" any unused concessional contributions cap amounts over a rolling five year period
 - Only available to individuals who have a total superannuation balance of less than \$500,000
 - Date of effect is 1 July 2018



ROCKHAMPTON

P (07) 4927 4588
A PO Box 1406, Rockhampton Q 4700

YEPPOON

P (07) 4939 1766
A PO Box 1685, Yeppoon Q 4703

EMERALD

P (07) 4987 6001
A PO Box 2843, Emerald Q 4720

evansedwards.com.au

eea@evansedwards.com.au



EVANS EDWARDS

CHARTERED ACCOUNTANTS

- Enabling eligible low income earners with adjusted taxable income up to \$37,000 to receive a low income superannuation offset (LISTO)
 - LISTO contribution will be paid direct to their superannuation fund
 - Equivalent to 15% of their total concessional (pre-tax) contributions, capped at \$500.
- Extending the current spouse tax offset to assist more couples to support each other in their saving for retirement by increasing the spouse's income threshold to up to \$40,000 (currently a maximum of \$13,800)
 - Offset is a maximum of \$540 and is calculated as 18% of contributions made to the spouse's eligible superannuation fund

From 1 July 2016, all accountants are required to be licensed to provide advice on superannuation and all three principals of Evans Edwards - Tony Edwards, Marni McGrath and Jayne Maresse – are qualified to provide this advice as Authorised Representatives under Henderson Matusch. There are still quite a number of areas where your existing accountant at Evans Edwards can provide factual information on superannuation and SMSF without being licenced and they have all been trained on what those areas entail. Should they identify that your question or requirements go beyond factual information, they will refer this to one of the three principals who are currently licenced to prepare the necessary documentation and advice.

It is important that you **take action now** to understand if you are directly affected or what opportunities these changes may provide for you to maximize your superannuation.



ROCKHAMPTON

P (07) 4927 4588
A PO Box 1406, Rockhampton Q 4700

YEPPOON

P (07) 4939 1766
A PO Box 1685, Yeppoon Q 4703

EMERALD

P (07) 4987 6001
A PO Box 2843, Emerald Q 4720

evansedwards.com.au

eea@evansedwards.com.au