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FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

SUPERANNUATION: HOW TO GET THE MONEY IN!

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FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

TOPICS

- Contribution re-cap - 30 Jun 17?
- Budget Proposals
- Concessional contributions – post 30 Jun 17
- Non-concessional contributions – post 30 Jun 17
- Other measures
- What can we do – prior 30 June 2017
- What can we do – post 30 June 2017

CONTRIBUTIONS RE-CAP– 30 JUNE 2017

- Concessional Contribution Caps
 - Under 49 at 30 Jun 16 - \$30,000
 - 49 or over at 30 Jun 16 - \$35,000
- Non-Concessional Contribution Caps
 - \$180,000 a year
 - Under 65 during 30 Jun 16 - \$540,000 over 3 years

2016-17 BUDGET PROPOSALS

- Reduction of concessional contributions
- Non-concessional contribution lifetime cap \$500,000
- Removal work test requirement
- Changed Division 293 Tax Threshold
- Low Income Superannuation Tax Offset
- Removal 10% test
- Catch-up concessional contributions
- Extending spouse tax offset

CONCESSIONAL CONTS POST – 30 JUNE 2017

- Under 49 at 30 Jun 17 - \$25,000
- 49 and over at 30 Jun 17 - \$25,000

NON-CONCESSIONAL CONTS POST – 30 JUNE 2017

- Only available if “TSB” < \$1.6m previous 30 Jun
- \$100,000 a year
- Bring forward cap available if eligible

WHAT IS YOUR TOTAL SUPERANNUATION BALANCE (“TSB”)?

- Accumulation phase of super interest less structured settlement contributions
- Retirement phase value of a super interest
- Rollovers in transit not included in the above two

STRUCTURED CONTRIBUTIONS

- Structured settlement, order for a personal injury or lump sum workers comp payment (defined 292-95 ITAA 97)
- Certification from two qualified medical practitioners
- Contribution made the later of 90 days of receipt or structured settlement /order coming into effect
- Fund notified before or when contribution is made
- Applies to structured settlements received before May 2006

RETIREMENT PHASE VALUE - ABP

- Transfer balance account (“TBA”) (>0):
 - Less TBA credits when establishing pension at 1 July 17 or later date
 - Add TBA debits for lump sum payments, due to fraud, payment splits, commutation of pension balance or Commissioner advised commutation
 - Add value of superannuation benefits payable if interest ceased at that point in time

RETIREMENT PHASE VALUE - ABP

Balance of transfer balance account	\$1,400,000
Less credit when ABP started	(\$1,600,000)
Add debits for lump sum payments	\$200,000
Add current balance ABP	\$2,000,000
Retirement phase value	\$2,000,000

BRING FORWARD NON-CONCESSIONAL CAP

- Eligible criteria:
 - Contribution exceeds NCC general cap
 - “TSB” < \$1.6m
 - Under 65 during year
 - “Bring forward period” is not currently in operation
 - Difference between general transfer cap and “TSB” > general NCC cap (called “first year cap space”)

WHAT NCC CAN BE MADE FIRST YEAR?

Total Superannuation Balance 30 June 2017	NCC cap for the first year	Bring forward period
Less than \$1.4m	\$300,000	3 years
\$1.4m to less than \$1.5m	\$200,000	2 years
\$1.5m to less than \$1.6m	\$100,000	No bring forward period
\$1.6m or more	\$-	n/a

WHAT HAPPENS TO NCC CAP IN SECOND YEAR?

Total Superannuation Balance 30 June 2018	Bring forward period	NCC for second year
Less than \$1.6m	2 years	Unused first year cap (\$200,000 less 2017 NCC)
Less than \$1.6m	3 years	Unused first year cap (\$300,000 less 2017 NCC)
\$1.6m or more	2 or 3 years	\$-

WHAT HAPPENS TO NCC CAP IN THIRD YEAR?

Total Superannuation Balance 30 June 2019	Bring forward period	NCC for second year
Less than \$1.6m	3 years	Unused first year cap (\$300,000 less 2017 & 2018 NCC)
\$1.6m or more	3 years	\$-

TRANSITIONAL RULES NCC BRING FORWARD CAP

- Eligible criteria:
 - NNC bring forward triggered 2016 or 2017
 - “TSB” < \$1.6m at 30 Jun 17 and 30 Jun 18
- After bring forward period ceases new rules apply

NCC TRANSITIONAL RULES - 2018

Total Superannuation Balance 30 June 2017	Year NCC cap Triggered	NCC
Less than \$1.6m	2016	\$460,000 less 2016 & 2017 NCC
Less than \$1.6m	2017	\$380,000 less 2017 NCC
\$1.6m or more	2016 or 2017	Nil for remaining term

NCC TRANSITIONAL RULES - 2019

Total Superannuation Balance 30 June 2018	Year NCC cap Triggered	NCC
Less than \$1.6m	2017	\$380,000 less 2017 & 2018 NCC
\$1.6m or more	2017	Nil for remaining term

THINGS TO REMEMBER

- Impact of divorce, fraud, invest losses on TBA and TSB
- CGT contribution cap still applies - \$1.415 but impact TSB and TBA
- No LRBA carve out
- Regulation 7.04
 - Gainful employment test not removed for those over 65
 - Fund capped contributions are still in place
 - If 64 or under – 3 times non-concessional cap
 - If 65 but less 75 – non-concessional cap

UNTAXED FUNDS

- Concessional contributions counted towards individuals concessional cap
- May limit the ability to make concessional contributions to other fund
- Personal contributions are not deductible

EXCESS RELEASE AUTHORITY

- Amendments to tax rules to simplify and consolidate range of existing process
- Release authorities issued directly to super providers
- Super providers have 7 days to comply
- If voluntary release individuals have 60 days to request Commissioner arrange release
- If compulsory release individuals are not involved and release authority sent direct to Super provider
- Commissioner able to request release without consent

OTHER BUDGET CHANGES

- Division 293 Tax threshold reduced from \$300,000 to \$250,000
- Personal contributions deductible regardless of employment earnings
- Tax offset up to \$500 for individuals with adjusted taxable income of \$37,000 or less (with at least 10% from business or employment source)

OTHER BUDGET CHANGES

- Spouse offset up to \$540 if spouses adjusted income less than \$40,000
- Individuals under 65 catch up concessional contributions over last 5 year if their balance is under \$500,000 – effective 1 July 18

LABOR'S VIEW

- Want NCC cap lowered to \$75,000
- Will not support individuals having catch up concessional contributions
- Want Div 293 threshold lowered to \$200,000 from proposed \$250,000
- Will not support scrapping 10% test

WHAT CAN WE DO – PRIOR TO 30 JUNE 2017

- Members with balances over \$1.6m – maximise NCC as this could be final chance
- Utilise NCC for members with balances over \$1.6m to even up balances with spouses – re-contribution
- Maximise personal contributions to untaxed funds to claim a deduction
- Be careful with changes in concessional caps when using contribution reserving

WHAT CAN WE DO – POST TO 30 JUNE 2017

- Do you know what your TSB is?
- Maximise NCC when they are available as you might not get another chance
- Utilise NCC to even up balances with spouses – re-contribution
- Contribution splitting and spouse contributions

DISCLAIMER

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