

Super Contributions rules

Charles and Matthew are pleased to confirm that Ledger Rutledge & Walker Pty Ltd has its own Australian Financial Services Limited Licence, which allows us to provide you with superannuation and SMSF financial advice. The significant superannuation changes announced in the 2016 Budget have now been legislated, with effect from July 2017. It would be wise to re-consider your current superannuation strategy in light of the recent changes.

Non-Concessional Contributions

The annual non-concessional contributions cap has been reduced to \$100,000 (July 2017). The contribution amount under the 3 year bring-forward rule has been reduced to up to \$300,000, subject to not exceeding the super balance cap. No extra non-concessional contributions will be allowed (after July 2017) if your combined superannuation balances (both accumulation and pension) exceed the \$1.6M cap.

Amounts transferred into super in excess of the transfer balance cap will be transferred to the accumulation account and subject to excess transfer balance tax on the excess transfer balance earnings.

Special rules will apply to defined benefit lifetime pensions.

Concessional Contributions

From 1 July 2017 the annual cap on concessional superannuation contributions will be \$25,000.

The proposal to allow "catch up" concessional contributions has been delayed till July 2018. For defined benefit fund members, all defined benefit contributions will count towards the concessional cap from July 2017. You are still able to contribute the full amount of \$25,000 concessional contributions, even if you have already exceeded the super balance cap of \$1.6M. If you are between the age of 65 and 74 you will still have to satisfy the work test to be able to make a superannuation contribution.

Additional Contributions Tax Extended to More Taxpayers

The Division 293 Threshold (beyond which, high income earners pay an additional 15% contributions tax) has been lowered to \$250,000 (June 2018). This means more taxpayers will be subject to the tax, based on the lower income limit.

Removal of the 10% Rule for Personal Super Contributions

Anyone under 65 years and those aged 65 to 74 who meet the work test, can now claim a tax deduction for personal super contributions within the overall concessional cap of \$25,000. This will apply even if you also have employer superannuation contributions or have already exceeded the super balance cap of \$1.6M.

This is purely factual information and general advice. It does not constitute personalised financial, business or taxation advice. The content does not take into account your personal circumstances or objectives and you must determine whether it is appropriate to you. We recommend you make an appointment to see Charles or Matthew to obtain advice relevant to you before making any financial or taxation decisions.