

Super Reform: the final position

Key facts

1%

Government view – people impacted by \$1.6m retirement phase cap

3%

Government view – people impacted by drop in concessional contributions to \$25k p.a.

100%

Our view – number of funds facing additional cost and complexity

100%

Our view – impacted on estate plans due to death benefit changes

Key changes

\$1.6m Transfer Cap for Retirement

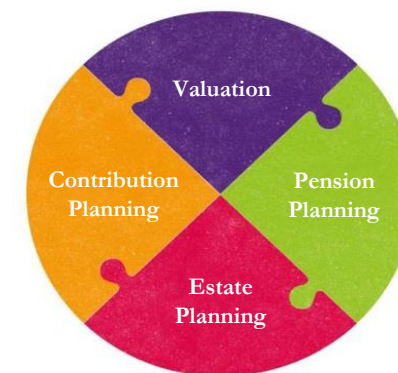
- Limits the amount of tax free assets in superannuation.
- Cap is tested when transferring to or from pension accounts. Subsequent changes in market values (gains or losses) are not counted.
- You must pay tax the 'notional earnings' on any excess @ 15% for first excess; 30% for any subsequent excess.
- Potential issues for pension accounts that are non-commutable, or those that are reversionary.
- Capital gains tax relief available if assets need to be removed from pension phase

\$25k Concessional Contribution Limit p.a. (for all, regardless of age)

- Catch up contributions allowed for unused cap within 5 years (but only if <\$500k total in superannuation). Applies from 1 July 2018.
- Work test will continue to apply for those aged 65 – 75.
- Ability to claim tax deductions available for contributions paid personally
- Additional tax payable on contributions if income is >\$250k p.a.

\$100k Non-Concessional Contribution Limit p.a. (only if <\$1.6m total superannuation)

- No ability to contribute after tax monies into super if total of superannuation interests exceed \$1.6m.
- 3 year bring forward contributions, for under 65, but requires additional assessment against total super balances each year, with limitations if >\$1.4m.
- Transitional rules can provide one off opportunity to contribute up to \$540k before 30 June 2017 irrespective of current balances.
- Work test still applies for those aged between 65 and 75.



Key questions

1. What are all of my superannuation interests ?
2. Do they exceed the \$1.6m threshold ?
3. What contributions can I make before 30 June 2017 ?
4. What will I be limited to after 30 June 2017 ?
5. Do my pensions need restructure before 30 June 2017 ?
6. Should I make CGT elections for each investment ?
7. Is there a need to sell assets ?
8. What is my current estate plan ?
9. Will my estate plan remain appropriate ?