

Are you ready for the Government's superannuation changes?

On Wednesday 9 November 2016 the Government introduced its superannuation legislation which makes changes to the superannuation laws it originally announced in the 2016 Federal Budget.

Most of these changes will apply from 1 July 2017 so it might be sensible for you to start thinking about how your superannuation will be impacted by the changes now and whether you might need to change any of your SMSF's arrangements.

Changes in the legislation which you might need to consider include:

- The new \$1.6 million transfer balance cap, which places a limit on the amount an individual can hold in the tax-free retirement phase from 1 July 2017.
- The lower contribution caps for all taxpayers applying from 1 July 2017. The new caps will be
 - Concessional contributions (pre-tax contributions) — \$25,000 per year.
 - Non-concessional contributions (after-tax contributions) — \$100,000 per year.
- Reducing the income threshold at which individuals are required to pay an additional 15 per cent contributions tax, from \$300,000 per year to \$250,000.
- Providing greater flexibility for those with broken work patterns by allowing individuals with balances of less than \$500,000 to 'carry forward' unused concessional cap space for up to five years.
- Removing the tax-free treatment of assets that support a transition to retirement income stream.

Some of these changes may require you to adjust your investment, contribution, pension and estate planning strategies going forward.

This will most likely be the case if you have a superannuation balance of over or close to \$1.6 million, were planning on making significant contributions to superannuation in the next few years, are a high income earner or have a transition to retirement pension in place now.

How can we help?

If you are concerned that the Government's changes to superannuation are going to affect you, please feel free to give me a call to arrange a time to meet so that we can discuss your particular requirements in more detail.