



The Coalition wins a third term – your superannuation policy update in preparation for the end of the financial year

The Coalition Government has been re-elected in the 2019 Federal Election, with a small majority of seats in the House of Representatives, after taking a policy of stability for superannuation to the election. After the introduction of the significant legislative changes which came into effect on 1 July 2017, you may be relieved to hear that for at least the next three years we hope to have sustained stability for super. You may also be relieved to hear the proposal to ban refunds for excess franking credits and other superannuation changes will not be implemented. This means that you can focus on managing your financial needs rather than worrying about changing rules.

Before the election, the Coalition did announce tweaks to the superannuation system that we anticipate will be implemented by the Government including:

- Guaranteeing no new taxes on superannuation.
- Greater flexibility for retirement contributions.
 - From 1 July 2020, Australians aged 65 and 66 will now be able to make voluntary superannuation contributions, both concessional and non-concessional, without meeting the work test. Previously, this was only available to individuals below 65.
 - This also includes extending access to the bring-forward arrangements to individuals aged 65 and 66 which allows individuals to make three years' worth of non-concessional contributions to their super in a single year.
 - Increasing the age limit for individuals to receive spousal contributions from 69 to 74.
- Reducing red tape for superannuation funds — exempt current pension income (ECPI) changes.
 - The Government will streamline administrative requirements for the calculation of ECPI.
- Reducing costs for the super industry by including superannuation release authorities in electronic SuperStream Rollovers.
 - The Government will provide \$19.3 million over three years beginning in 2020-21 to the Australian Taxation Office (ATO) to send electronic requests to superannuation funds for the release of money required under a number of superannuation arrangements.
- Retaining limited recourse borrowing arrangements (LRBAs).
- Increasing the maximum number of SMSF members from four to six.

Next steps

With the end of financial year now fast approaching and certainty with the Government and its super policies it is the time to ensure everything is in place for your SMSF before 30 June. I have compiled some strategies that you may need to consider and ensure the plans you have in place are the best for you and your SMSF.

Contribution caps

Before 30 June you should:

- Review if you have any income available to contribute to your fund; and
- Review your total contributions to ensure they are below the caps.

Non-concessional (after tax) contributions are limited to \$100,000 for the 2019 financial year and concessional (before tax) contributions are limited to \$25,000.

Members under 65 years of age have the option of contributing up to \$300,000 over a three-period depending on their total super balance. Transitional arrangements also apply to individuals who brought forward their non-concessional contribution caps in the 2016-17 financial year.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

Liability limited under the National Institute of Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Anyone making large superannuation contributions should exercise extreme care to avoid excess contributions. Making sure you do not exceed the contribution caps will save you both money and time of dealing with excess contributions.

Contributions are included in a financial year if they are received in your fund's bank account by 30 June. With 30 June falling on a Sunday this year, it would be prudent to make your contributions by Wednesday 26 June to ensure they are received by your fund prior to the end of the financial year.

Drawing superannuation pensions

If you are in pension phase, you need to ensure the minimum pension has been paid to you for this financial year. Where these requirements have not been met your fund will be subject to 15% tax on your pension investments, rather than being tax free.

Personal superannuation contributions

Most people regardless of their employment arrangement, can claim a deduction for personal super contributions they make to their fund until they turn 75.

Individuals who are aged between 65 and 75 will need to meet the work test to be eligible to claim the deduction.

If you wish to claim a tax deduction for personal contributions, you must complete and lodge a notice of intent with your fund before June 30 and have this notice acknowledged (in writing) by your fund. Any contribution also needs to be received by your fund before June 30.

Co-contributions

If you meet the relevant work tests and earn less than \$52,697, it is also worth considering if you can take advantage of the Government super co-contribution.

SMSF fund expenses

For members in the accumulation phase, it is important that any expenses are actually incurred or paid before 30 June to be deductible in the current financial year.

Rebalancing accounts between spouses

The end of financial year is also the perfect opportunity to rebalance pension accounts between spouses, to ensure that super balances are as even as possible and the \$1.6 million transfer balance cap is maximised for each member.

Transfer Balance Account Reporting (TBAR)

Funds that were paying a pension during 2018-19 will need to complete and lodge a Transfer Balance Account report with the ATO. The date of when you have to report depends on the size of your superannuation balance.

How can we help?

If you have any questions or would like further information in ensuring you and your fund are well prepared for the end of the financial year and beyond 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.

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

Liability limited under the National Institute of Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)