

Superannuation Legislation Changes



In the last few months, many changes have been made to Superannuation laws in Australia. The Grimsey team would like to share this information with you to ensure you are prepared for any personal impacts to your finances. Here, we outline the changes in detail.

1. Concessional Contribution

From 1 July 2017 onwards, each individual can contribute up to \$25,000 (new cap) in combination of Super Guarantee and Personal Contributions. Previously, each individual must have met the 10% employment test for eligibility to contribute personal deductible contributions.

2. Non-Concessional Contribution

From 1 July onwards, only individuals with less than \$1.6m total balance will be eligible to contribute \$100,000 non-concessional contribution into their superannuation system. The “three years bring forward” rule will continue to be available depending on each individual circumstance. The transitional law will allow individuals to contribute up to \$540,000 prior to 30 June 2017. Please discuss with your Grimsey advisor to confirm your eligibility.

3. Reduction of Division 293 Income Threshold

From 1 July 2017, the threshold for the Div293 tax legislation will reduce from \$300,000 to \$250,000.

4. \$1.6m Pension Cap

Pensioners with more than a \$1.6m balance will need to commute their exceeded pension back to the accumulation phase. The main impact of this change will be the reduction of the tax exemption received in their superannuation system.

5. Transition to Retirement Pension

The superannuation changes will remove the tax exemption status of transitional pension balance from 1 July 2017 onwards. All individual pensioners with transitional pension accounts should speak to their Grimsey advisor for information on the impact of these changes.

6. Spouse Tax Offset

The new legislation will increase the spouse tax offset threshold from \$13,800 to \$40,000. The \$540 offset will remain if the spouse income is \$37,000 or below and will gradually reduce and completely phases out for incomes above \$40,000. There is some restriction to claim this benefit if a spouse has made the maximum non-concessional contribution in the current or last financial year.

The Grimsey team are reviewing the tax implications of all these changes and working on several strategies which will reduce the financial impact for our clients. If you believe you will be affected by any of these legislation amendments or would like further information, contact your Grimsey financial specialist to arrange a time to meet. You can contact our

office on **(03) 8341 8888** or email client.services@grimsey.com.au. Alternatively contact your personal Grimsey advisor directly.