TAKE MINIMUM PENSION

For those in pension phase, it is important to remember that your minimum pension is physically drawn and cleared from your superannuation fund's bank account prior to 30 June 2017.

Consequences of not drawing your pension include reverting back to accumulation phase, resulting in 15% tax imposed on all fund earnings for the year.

If you would like a reminder of your minimum pension or would like any assistance with the payment of your pension, please contact our office.

ENSURE CONTRIBUTIONS ARE CLEARED BY 28 JUNE 2017

For those that would like to make additional contributions to your fund in the 2016-17 year, please **make sure your contributions have cleared the fund's bank account prior to 28 June 2017.**

CHANGES TO CONTRIBUTION LIMITS

A reminder of the limits for the 2016-17 year:

Maximum Concessional (tax deductible) contributions	2016-17	2017-18 year onwards
Age 49 or over on 30 June	$ 35,000	$ 25,000
All others	$ 30,000	$ 25,000
Maximum Non-Concessional (after tax) contributions		
All ages	$180,000	$100,000
Super balance over $1.6m	$180,000	no contributions allowed

(it is possible to 'bring forward' up to 3 years contributions – for more information, please contact us)

We recommend you continue to review your existing contribution / salary sacrifice / pension strategies including any direct debits to ensure you are maximising your contributions in light of the change – <u>and to ensure you do not exceed your cap</u>.

CHANGES TO AGE PENSION ELIGIBILITY FROM 1 JULY 2017

From 1 July 2017, the age to be eligible for the Age Pension is changing.

Clients who were born on or after 1 July 1952 will need to be aged 65 years and six months before being eligible. The Age Pension age will then go up by six months every two years until 1 July 2023, when the Age Pension eligibility age will be 67.

CHANGES TO THE DIVISION 293 INCOME THRESHOLD FROM 1 JULY 2017

From 1 July 2017, the Division 293 income threshold will reduce from $300,000 to $250,000. An individual with income, and concessional super contributions, exceeding the $250,000 threshold will have an additional 15% tax imposed on their concessional superannuation contributions in excess of the threshold.

CHANGES TO CLAIMING A TAX DEDUCTION FOR PERSONAL CONTRIBUTIONS FROM 1 JULY 2017

Currently, only those who are self-employed and receive less than 10% of their income from employment can claim a tax deduction for contributions made to superannuation in their personal tax return.

From 1 July 2017, everyone who is eligible to make a contribution will be able to claim a tax deduction for superannuation contributions in their 2018 tax return and beyond.

This can be a useful strategy as an alternative to salary sacrificing – contact us today to discuss your options.

REMINDER: Contribution caps still apply and will include both your personal and employer's contributions.

$1.6m TRANSFER BALANCE CAP FROM 1 JULY 2017

From 1 July 2017, a new cap will be introduced to limit the amount of assets ($1.6 million) you can have supporting superannuation pensions.

It will be important to ensure that on 1 July 2017, you only have $1.6 million in pension phase. This may require you to roll some assets currently supporting a pension back to accumulation phase where their earnings are taxed at 15%. You may be eligible for CGT relief on assets affected by the new rules.

It is essential that all relevant documentation is finalised by 30 June 2017 to ensure compliance with these new rules. If you anticipate that these new rules may impact you, please contact us to discuss your options and the taxation implications for your fund. We can assist trustees to create Minutes detailing the members' intent to transfer assets out of retirement phase to avoid breaching the new transfer balance cap.

Should you hold any additional superannuation assets outside of your Self-Managed Superannuation Fund, please advise us as the Transfer Balance Cap is calculated based on your total superannuation balance – not just the balance in a single fund.

CHANGES TO TRANSITION TO RETIREMENT INCOME STREAMS FROM 1 JULY 2017

From 1 July 2017, the tax-exempt treatment of earnings on assets that support a transition to retirement pension (TTR) will be removed.

Importantly, existing TTRs can be maintained and new TTRs can be commenced – however we recommend current strategies are reviewed to ensure they continue to remain relevant.

There are no changes to the taxation of pension withdrawals from 1 July 2017 – if you are over 60, your pension withdrawals will continue to be tax free whether they are paid from a Transition to Retirement pension or an account based pension.

CHANGES TO TAX OFFSET FOR SPOUSE CONTRIBUTIONS FROM 1 JULY 2017

From 1 July 2017, the spouse income threshold will increase, meaning more people will be eligible to claim the tax offset. You will be able to claim the maximum tax offset of $540 if:

- you contribute to the eligible super fund of your spouse, whether married or de-facto, and
- your spouse's income is $37,000 or less.

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