

● your guide to the Federal Budget 2017/18



The Federal Budget for 2017/18 was handed down on 9 May 2017, and while this year's Budget won't significantly impact retirees, there were changes announced that could affect you.

Note: It's important to note that as at the time of publication, these proposed measures are not yet law and may be subject to change.

Superannuation

● Additional super contributions for downsizers

From 1 July 2018, individuals aged 65 and over will be able to make an after-tax super contribution of up to \$300,000 (\$600,000 for couples combined) from the proceeds of the sale of their home. This measure will only apply following the sale of a principal home held for a minimum of 10 years.

This new measure will not attract any special Centrelink treatment but it will allow eligible individuals to make contributions above the super caps, without being subject to work or age test requirements.

● First home super saver scheme

To reduce pressure on housing affordability the Government will allow voluntary superannuation contributions to be withdrawn for a first home deposit.

- From 1 July 2017, individuals can make up to \$30,000 of voluntary contributions (limited up to \$15,000 per year) to superannuation for the purposes of this measure. Voluntary contributions can be made before or after tax and are subject to the relevant contribution caps.
- From 1 July 2018, those voluntary contributions (along with deemed earnings) can be withdrawn for a first home deposit.
- Withdrawals will be taxed up to an individual's marginal rate, less a 30% offset. Withdrawals of after-tax contributions will not be taxed.

Tax

● 0.5% increase in Medicare levy

From 1 July 2019, the Medicare levy will increase by 0.5% to 2.5% of taxable income. The increase ensures the National Disability Insurance Scheme (NDIS) is fully funded.

Social security

● Pensioner Concession Card reinstatement

From 9 October 2017, the Government will reinstate the Pensioner Concession Card (PCC) for former pensioners who lost their Age Pension as a result of the 1 January 2017 Age Pension changes. Those affected will receive the PCC and retain the Commonwealth Seniors Health Card, to ensure they continue to receive the Energy Supplement. Where they received the Low Income Health Care Card, that card will be deactivated.

● Energy Assistance Payment

From 26 June 2017, the Government will make a one-off Energy Assistance Payment of \$75 for single recipients and \$125 per couple for those eligible for qualifying payments on 20 June 2017, and who reside in Australia. The payment is not taxable and will not be counted as income.

● Working age payments reforms

The Government will progressively consolidate seven working age payments and allowances into a new JobSeeker Payment or transition recipients to Age Pension.

The working age payments affected are:

- Newstart Allowance
- Sickness Allowance
- Widow Allowance
- Partner Allowance
- Widow B Pension
- Wife Pension
- Bereavement Allowance.

If you are receiving one of these payments, speak with a MyLife MyAdvice financial planner to find out how these changes may affect you.

● Family Tax Benefits

The Government will continue to keep the Family Tax Benefit (FTB) payment rate fixed until 1 July 2019. Indexation in line with the Consumer Price Index will resume from that date.

From 1 July 2018, all families with total income over \$94,316 will have their Family Tax Benefit (FTB) Part A reduced by 30 cents for every dollar above \$94,316.

If you need any assistance, please contact our Service Centre

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