

Fact Sheet

Federal Budget super announcements

2012

There were a number of announcements in this year's Federal Budget that will impact members of Catholic Super.

The major changes are outlined below, with some tips on what action members should take. We have limited ourselves to explaining the main changes we believe are most relevant to our members.

► Contribution caps have changed

From 1 July 2012, the concessional contribution cap for all Australians will be \$25,000 pa. For employees, this includes employer contributions (generally 9%) made on your behalf and contributions made via salary sacrifice.

For the current financial year ending 30 June 2012, if you are self-employed and over the age of 50, the maximum tax deductible contribution is \$50,000. Contributions need to be received by Catholic Super by 30 June 2012.

Anyone exceeding the cap will be penalised at the top marginal tax rate which is 46.5%. However, there may be scope to have the excess refunded to you and tax will be deducted at your marginal tax rate.

The proposal to allow Australians over the age of 50 with less than \$500,000 in their superannuation account to contribute \$50,000 per year has been deferred until 1 July 2014.

Comment

This is a very disappointing outcome for members leading up to retirement who want to maximise their savings in superannuation. However, it is only for the next two years and there may be further opportunity to increase savings from 1 July 2014.

Action required

We recommend members contact our Member Services team on 1300 655 002 or speak to a financial planner. Some issues to discuss include:

- review your current salary sacrifice arrangements to ensure you remain below the \$25,000 contribution cap in the next two financial years

- consider the merits of a transition to retirement strategy if you are over the age of 55
- consider splitting contributions into your spouse's account.

Our Member Services team and financial planners at Catholic Financial Services are ready to assist. Please give us a call on 1300 655 002.



Book an appointment online

www.csf.com.au/financial-planning-booking-form

► Higher tax for very high income earners

From 1 July 2012, individuals with an income greater than \$300,000 will effectively be paying tax on their superannuation contributions at 30% rather than the current 15%.

The definition of what is included in income is quite broad and does include an individual's concessional contributions including those made by their employer.

Comment

This measure was announced prior to the Federal Budget and will only affect about 1% of taxpayers. Together with the reduced contribution cap of \$25,000, those on a very high income may no longer see it as appropriate to make salary sacrifice contributions into super.

Action required

We recommend members impacted by this announcement contact our Member Services team on 1300 655 002 or their financial planner. In particular, they should address the issue of salary sacrifice.

► **Mature age worker tax offset (MAWTO)**

The MAWTO of \$500 is currently available to anyone who is over the age of 55 and has net income from working of between \$10,000 and \$53,000.

It will be phased out from 1 July 2012 for anyone born after 1 July 1957. It will be maintained for anyone that is currently 55 years or older.

Action required

As this offset is calculated by the Australian Taxation Office when taxpayers lodge their tax return each year, no action is required to be taken.

Conclusion

As stated earlier, this is only a summary of what we consider to be the main issues proposed in this year's Federal Budget that will impact our members.

We will keep our members informed of any developments as they come to hand. In the meantime, if you would like to discuss any of these proposals in more detail, please call us on 1300 655 002 or speak to a financial planner.

General advice warning

The information provided is not intended as financial advice. It does not take into account specific needs, so you should consider your personal position, objectives and requirements before taking any action. The information is also subject to change.

Authorised by the Trustee of Catholic Super, CSF Pty Limited (ABN 50237986957) (AFSL 246664) (RSE L0000307) (RSE R1000597).