factsheet

summary of changes to superannuation

Will the new super rules affect you?

Some significant changes to superannuation that may affect you have recently passed through Federal Parliament. Most of the changes are set to take effect from **1 July 2017**. They're the biggest changes to superannuation in almost a decade, so it is important to check how they might impact you.

Here's a simple guide to help explain the main changes.

Making pre-tax contributions to your super

What happens now	What will happen after the changes take effect
You can contribute up to $30,000 a year or $35,000 if you're 50 or over.	All contributions will be capped at $25,000 from 1 July 2017, regardless of age.
If you don't use your annual cap, you lose it - you can't 'catch up' the following year.	If your superannuation balance is less than $500,000, you will be able to carry forward unused amounts of your annual cap for up to five years, starting from 1 July 2018.
You pay 15% tax on contributions if you earn less than $300,000 and 30% if you earn more than that.	You will pay 30% contributions tax if you earn $250,000 or more, from 1 July 2017.
You can claim a tax deduction on post-tax contributions only if you earn less than 10% of your income from a salary or wages.	All individuals will be able to claim a tax deduction on post-tax contributions, as an alternative to salary-sacrificing, from 1 July 2017.

Making after-tax contributions to your super

What happens now	What will happen from 1 July 2017
Contributions are capped at $180,000 per year for everyone.	All after-tax contributions will be capped at $100,000 per year if you are under the age of 65. You will be able to bring forward unused amounts of the cap for up to three years. If you are over the age of 65 you will be able to make after-tax contributions if you meet the work test. If your super balance is over $1.6 million, you'll no longer be able to make after-tax payments.
If your spouse earns less than $13,800 you can claim a tax offset for a contribution to their super.	If your spouse earns less than $40,000 you can claim a tax offset for a contribution to their super.

Are you planning on retiring in the next few years?

What happens now	What will happen from 1 July 2017
There is no limit on the amount that can be transferred to a pension.	Transfers to a pension will be limited to $1.6 million. If your balance exceeds this amount, you will need to transfer the excess to a superannuation account or withdraw it from super to avoid penalty taxes.
If you hold a Pre-Retirement Pension, your fund earnings are tax free and pension payments are tax free from age 60.	On a Pre-Retirement Pension, fund earnings will now be taxed at up to 15%. Pension payments will still be tax free from age 60.

If you have any questions or need some advice, we are here to help. Our financial planners at MyLife MyAdvice can guide you through any necessary changes to your plans for a secure financial future.

If you need any assistance, please contact our Service Centre

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