TelstraSuper

Your Super

Super changes coming 1 July 2017

The Federal Government's package of superannuation reforms has been passed by Parliament. These changes were first proposed in the 2016 Federal Budget and will take effect from 1 July 2017, unless otherwise noted. These changes may have an impact on your super. This document outlines the changes that are coming and how they may affect you. **More detailed information will be coming shortly.**

You should consider seeking advice if any of these changes affect you. There also may be opportunities to make extra contributions before the rules change on 1 July 2017.
You may be affected if you:

MAKE CONCESSIONAL (PRE-TAX) CONTRIBUTIONS	HAVE INCOME (INC. SUPER CONTRIBUTIONS)	HAVE A SUPERANNUATION BALANCE	MAKE OR PLAN TO MAKE NON-CONCESSIONAL (POST-TAX) CONTRIBUTIONS	HAVE A TRANSITION TO RETIREMENT INCOME STREAM
>$25,000 PER YEAR	>$250,000 PER YEAR	>$1.6M	>$300,000	TTR strategy

Pre-tax (concessional) contributions

- The annual contributions cap will be reduced to $25,000 for members of all ages (if members are aged 65-74 they must be working to make voluntary contributions.) This is a decrease from $30,000 for people aged under 49 or $35,000 for people 49 or over.
- Catch-up contributions will be allowed from 1 July 2018 on a rolling five-year basis provided a member's super balance just before the start of the financial year is less than $500,000.
- The threshold at which high income earners will pay 30% contribution tax will be lowered to $250,000 pa (down from $300,000 pa).
- Tax deductions will be allowed for personal contributions (removing the requirement that a person must earn less than 10% of their income as an employee before being able to claim a tax deduction).
- Low Income Superannuation Tax Offset effectively refunds the contributions tax for members with an adjusted taxable income of $37,000 or less. (This replaces the existing Low Income Superannuation Contribution).

What this means

If you're making pre-tax contributions close to the contributions cap, you will need to review this before 1 July 2017. There is an opportunity to make larger pre-tax contributions before the cap changes.
The catch-up contributions change means that members who have not exceeded their $25,000 contributions cap and have balances below $500,000 will be able to make catch-up contributions in the following years. This will benefit those who have taken time out of the workforce or people who couldn't make contributions to the limit but are able to once their salaries are higher.
People above the higher income threshold of $250,000 will now pay 30% contribution tax on their pre-tax contributions. However even at this higher rate, the tax paid on super contributions may be lower than the highest marginal tax rate paid on a salary.
If you'd like to review your contributions, an Adviser from TelstraSuper Financial Planning can help you to work through your options under the new rules.

Attend a seminar or webinar

Our team of financial experts will be travelling around the country in March 2017 delivering seminar and webinars on the upcoming changes. The seminars will help you understand if you may be impacted by the changes.

You can book at telstrasuper.com.au/events

Summary table of some of the key changes

Item	Prior 1 July 2017	From 1 July 2017
Pre-tax (concessional) contributions caps	$35,000 for people 49 and older $30,000 for people 48 and under	$25,000 for everyone Opportunity to make catch up contributions from 1 July 2018 if your balance is under $500,000*
Post-tax (non-concessional) contributions caps	$180,000 per year Bring forward rules: $540,000 over 3 years (for members under age 65)	If balance less than $1.6 million: $100,000 per year Bring forward rules: $300,000 over 3 years (for members under age 65)
Limits on pension transfers	No limit	$1.6 million
Spouse contribution tax rebate thresholds	Tax rebate available if receiving spouse earning less than $13,800	Tax rebate available if receiving spouse earning less than $40,000**. Not eligible if spouse receiving the contribution has exceeded their non-concessional contributions cap or their balance is $1.6 million or more.
Income threshold where additional contributions tax applies	$300,000 pa	$250,000 pa
Tax on investment earnings for transition to retirement income streams	Nil tax	15% tax on investment earnings
Anti-detriment payments on death benefits	Super funds can return an additional lump sum amount on a member's death to eligible dependants. This amount represents a refund of the 15% contributions tax paid over the member's lifetime.	Super funds can no longer pay this additional amount on a member's death. From 1 July 2017 anti-detriment can only be included if the member has died on or before 30 June 2017. Payment must be made by 30 June 2019. From 1 July 2019, no anti-detriment payment will be available to regardless of the date of death.

*Members aged 65-74 may only make voluntary contributions if they are working. ** Only eligible if their spouse is under 65, if they are 65-70 then they must be working.

Post-tax (non-concessional) contributions

- To contribute your total super balance must be less than $1.6 million.
- The annual contributions cap will be reduced to $100,000 per year from $180,000.
- Members under age 65 (depending on their total super balance) can bring forward up to three years' worth of post-tax contributions totalling $300,000 (down from $540,000).
- A tax offset for spouse contributions will apply if the receiving spouse's income is less than $40,000 pa (up from $13,800).

What this means

The lower annual contributions cap will mean less flexibility when making larger post-tax contributions. If you are considering making a larger post-tax contribution, you may want to consider doing so prior to 1 July 2017.
With spouse contributions, there will be more opportunities for tax offsets under the new rules, making this a more attractive arrangement. If you have a spouse with a total spouse income of less than the $40,000 pa threshold, you may be eligible for a tax offset for contribution made after 1 July 2017.
If you'd like to review your contributions, an Adviser from TelstraSuper Financial Planning can help you to work through your options under the new rules.

Pension phase

- The amount of accumulated superannuation that can be transferred into a tax-free retirement income stream will be subject to a new $1.6 million cap. Transitional arrangements will apply.

What this means

If your account balance is above this threshold various options are available. These include moving your super back into the accumulation phase (if you currently have an income stream) or keeping your super in the accumulation phase (if you don't have an income stream).

Transition to retirement income streams

- Investment earnings from assets supporting transition to retirement (TTR) income streams will be taxed at 15% from 1 July 2017 (the same level that is paid on super accounts). Currently, these earnings are tax exempt.

What this means

A TTR income stream may still be a useful option if you wish to ease into retirement and maintain your income. However, careful planning will be required to determine the most tax effective ways to draw an income during this time. An Adviser from TelstraSuper Financial Planning can help you work out the best ways to maximise your retirement savings.

Not sure what to do? We can help you with the changes.

Now is a good time to see whether you will be affected by the changes and speak to us if you think you may be, or are unsure. If you think you may be impacted or want to take advantage of the opportunities to contribute more to your super before 1 July 2017 you can get help by:

1. Attending a seminar or webinar
2. Contacting TelstraSuper Financial Planning
3. Visiting our website for up to date information. **telstrasuper.com.au/budget**

Contact us on **1300 033 166** or
fill in our contact form **telstrasuper.com.au/contact**

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