

## Superannuation Contributions

Concessional	Non-concessional
Compulsory employer contributions (SG)	Personal after tax contributions (SG)
Salary sacrifice contributions	Spouse contributions
Personal tax deductible contributions	Contributions which exceeded your concessional cap

- Contributions are counted towards the caps in the year in which the cash is received into the fund's bank account.
- A tax deduction can be claimed for personal contributions if income from employment related activities is less than 10% of total income.
- In 2017/18, the 10% rule is removed for personal tax deductible contributions.**
- To claim a tax deduction for a super contribution, you must notify your super fund in writing in the approved form as required by s290-170 of the ITAA 1997.

### Concessional Contributions (CC)

Age at July 1	Contribution Limit			
	2014/15	2015/16	2016/17	2017/18
Age < 50	\$30,000	\$30,000	\$30,000	\$25,000
Age > 50	\$35,000	\$35,000	\$35,000	

### Non-Concessional Contributions (NCC)

	Contribution Limit			
	2014/15	2015/16	2016/17	2017/18
Any age	\$180,000	\$180,000	\$180,000	\$100,000

- Aged under 65 at 1 July may 'bring forward' two years of contributions (i.e. 3 x annual cap).
- Aged over 65 at 1 July is restricted to the annual limit.
- Post 1 July 2017, taxpayers with a total super balance over \$1.6 million will not be able to make NCCs.**
- If the bring forward provision is triggered in or before 2016-17 but the full \$540,000 amount is not used, then the bring forward cap available in 2017-18 and 2018-19 will be reduced.
- Taxpayers who are approaching a balance of \$1.6 million will have their ability to use the bring forward rule reduced.

Superannuation Balance	Contribution and bring forward available
Less than \$1.3 million	3 years (\$300,000)
\$1.3 - <\$1.4 million	3 years (\$300,000)
\$1.4 - <\$1.5 million	2 years (\$200,000)
\$1.5 - <\$1.6 million	1 year (\$100,000)
\$1.6 million	Nil

### Non-Concessional Contributions cap exemptions

- Proceeds from settlement of personal injury.
- Government co-contribution payments.
- Rollovers from taxed superannuation funds.
- Proceeds from sale of small business asset.

CGT Cap Amount			
2014/15	2015/16	2016/17	2017/18
\$1.355m	\$1.395m	\$1.415m	\$1.445m

### Excess Contributions Tax (ECT)

Contribution	Excess contributions tax
Concessional (CC)	Excess CC (ECC) plus ECC charge will be taxed at marginal rates, with a 15% tax offset for contributions tax already paid.
Non-concessional (NCC)	Elect to withdraw excess NCC (ENCC) plus associated earnings, earnings will be taxed at marginal rates. Or leave in fund and pay ECT at 47%.

- ECC will count towards your NCCs cap. This can be avoided by electing to release the ECC.
- May elect to withdraw 85% of the ECC to pay the tax debt.
- Complete the ENCC election form to withdraw ENCC and earnings from the fund.
- Associated earnings is calculated on the current general interest charge rate.

### Contributions tax for higher income earners

- Division 293 tax of 15% will be charged to CCs above the \$300,000 threshold.
- For the 2017/18 year onwards the threshold amount will be \$250,000.**
- Adjusted Taxable Income (ATI) > \$300,000 then additional tax of 15%.
- ATI = ISP - RSC + LTC
  - ISP includes: taxable income, reportable fringe benefits, investment loss & RSC
  - RSC includes: reportable superannuation contributions (eg: salary sacrifice)
  - LTC includes: CCs less excess contributions
- CCs that exceed the CC cap won't be subject to Div 293 tax.

### Spousal contributions

- Members can claim the maximum tax offset of \$540 when their spouse's income is \$10,800 or less (Phases out at \$13,800). **The spousal income threshold will increase to \$37,000 from 1 July 2017.**
- Spousal income includes assessable income, total reportable fringe benefits and reportable employer super contributions.

## Government Co-Contributions for 2016/17

Total Income	Maximum Government Co-Contribution (50c for every \$1 contributed)
Less than or equal to \$36,021	\$500
\$36,022 - \$51,021	\$500 - [(Total Income - \$36,021) x 3.333%]
Greater than \$51,021	Nil

### Contribution eligibility

	EMP mandated	Employer Non-Mandated	Member	Spouse or Other
Work test is required where member is over 65 years of age	N/A	Yes	Yes	Yes
Age Limit	None	75	75	70

- Work test before making contributions is to work 40 hours in a 30 day period.

## Superannuation Benefit Payments

### Preservation of benefits

- An individual must reach their preservation age before they can access their superannuation benefits.

Date of birth	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 1 July 1964	60

### Conditions of release

- Superannuation monies can only be withdrawn when a member meets a condition of release. The following are legislated conditions of release:

Conditions of Release	
Reach preservation age and retire	Temporary or permanent disability
Cease employment (> 60 yrs)	Depart Australia permanently
Aged over 65 years	Financial hardship or compassionate grounds
Transition to Retirement Pension - over preservation age	Cease employment & account balance < \$200
Death	Terminal medical condition

## Superannuation Income Stream Benefits

### Minimum and maximum annual payments

Age at 1 July	Minimum withdrawal
Under 65	4%
65 - 74	5%
75 - 79	6%
80 - 84	7%
85 - 89	9%
90 - 94	11%
95 and over	14%
Maximum Withdrawal for TTR is 10%	

### Taxation of income streams

- Tax free component is not taxed. Taxable component is taxed as follows:

Age	Taxable Component Tax Rate	
	From taxed sources	From untaxed sources
Age 60 or above	Not assessable, not exempt income	Taxed at marginal tax rates, with a 10% tax offset
At or above preservation age and under 60	Taxed at marginal tax rates and tax offset of 15% is available	Taxed at marginal tax rates, with no tax offset
Under preservation age	Taxed at marginal tax rates, with no tax offset (Tax offset of 15% is available if a disability super benefit)	Taxed at marginal tax rates, with no tax offset

- On 1 July 2017, an individual on a TTR who has not met a condition of release won't satisfy as an income stream in retirement phase and won't garner ECP.

## Superannuation Lump Sum Benefit Payments

- Low rate cap amount is \$195,000 in 2016/17

Income Component	Age at Payment Date	Amount Subject to Tax	Tax Rate (excludes Medicare Levy)
Component - Taxed Element	Under preservation age	Whole Amount	20%
	At or above preservation age and under 60	To low cap amount	Nil
		Above low cap amount	15%
	Age 60 and above	Whole amount	0%

## Superannuation Death Benefit Payments

### Lump sum death benefit payments

- Lump Sum Death Benefits paid to tax dependants are tax free in the hands of the tax dependant.
- Tax free component of the lump sum is not taxed. Taxable component of the lump sum is taxed as follows:

Income Component	Amount Subject to Tax	Tax Rate (excludes Medicare Levy)
Dependants - taxable component - taxed & untaxed elements	Nil	0%
Non-dependants - taxable component - taxed element	Whole amount	15%
Non-dependants - taxable component - untaxed element	Whole amount	30%

### Income stream death benefit payment

- Income streams death benefits cannot be paid to non-dependants.
- Tax free component is not taxed. Taxable component is taxed as follows:

Income Component	Age at Payment Date	Amount Subject to Tax	Tax Rate (excludes Medicare Levy)
Taxable Component - Taxed Element	Either the deceased or dependant aged 60 or over	None	Nil
	Both deceased and the dependant aged under 60	Whole amount	Taxed at marginal tax rates, with a 15% tax offset
Taxable Component - Untaxed Element	Either the deceased or dependant aged 60 or over	Whole amount	Taxed at marginal tax rates, with a 10% tax offset
	Both deceased and the dependant aged under 60	Whole amount	Taxed at marginal tax rates, with no tax offset

## \$1.6 million Transfer Balance Cap

- All members who are receiving a pension on 1 July 2017 will have a transfer balance cap of \$1.6 million created at that time.
- The cap operates on the basis of "credits" counting to the cap and "debits" removing value from the cap.

Credits	Debits
The value of super interest supporting income streams on 30 June 2017	Commutations of superannuation income streams
Commencement of new superannuation income streams from 1 July 2017 onwards	Structured settlement payments contributed to superannuation
The value of reversionary income streams when an individual becomes entitled to them	Certain payments arising from family law splits, fraudulent or void transaction
Notional earnings accruing to excess transfer balance amounts	

### Excess transfer balance tax

- Going over the \$1.6 million transfer balance cap will require the excess amounts to be commuted.
- Excess amounts will also attract "notional earnings" which count towards the transfer balance cap. Notional earnings are charged at the 90 day bank accepted bill rate plus 7%.
- An excess transfer balance tax of 15% applies to the notional earnings.

### Capped defined benefit income streams

- A life-time pension or annuity's special value is the individuals annual entitlement multiplied by 16.
- A non-commutable life expectancy or market-linked product. The individuals special value is their annual entitlement multiplied by the product's remaining term (rounded up).
- An individual's 'defined benefit income cap' is their general transfer balance cap for the financial year divided by 16.
- Exceeding the DBIC will result in additional income tax.

## 2016 - 2017 Individual Tax Rates

Taxable income	Tax on this income
0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,200
\$37,001 - \$87,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$87,001 - \$180,000	\$19,822 plus 37c for each \$1 over \$87,000
\$180,001 and over	\$54,232 plus 45c for each \$1 over \$180,000