

## Getting money into Superannuation

We all know that the only way to have money in retirement is to save now. By saving, I mean that we need to make contributions to our superannuation. There are several kinds of contributions that can be made.

**Non-Concessional contributions** are contributions made from after-tax money where no tax refund has been claimed. You may contribute \$180,000 per year. There is a provision to pay 3 years-worth of contributions under the 'Bring forward Rule' which is capped at \$540,000 until 1/07/17.

If you have contributed more than \$180,000 then you have triggered the 'Bring Forward Rule' and you will be able to contribute the following over the coming years:

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	\$540,000				
	\$460,000				
		\$380,000			
			\$300,000		

Source: Colonial First State – Lifespan Adviser Briefing 16/2/2017

From 01/07/2017, there will be a new annual \$100,000 limit and a maximum of \$300,000 on the 'Bring Forward Rule'. This will be indexed in \$2,500 increments with the Concessional Contribution Cap of \$25,000. The Non-Concessional Cap will always be four times the Concessional Cap. However, if you have a total superannuation balance of \$1.6m or more, you will not be able to make Non-Concessional Contributions.

**A Concessional Contribution** is a contribution to superannuation made from before-tax money. The maximum amount that you may contribute from 2017/8 is \$25,000. However, if you are over 49 years of age you may still contribute \$35,000 before 30/06/17. Concessional Contributions include Super Guarantee, additional employer contributions and salary sacrificed contributions. Those who are self-employed must lodge a notice of intention to claim as tax deduction with your super fund.

One of the traps here is that the Super Guarantee contributions count towards the cap so check what you have contributed before making a salary sacrifice. There are penalties for exceeding the caps. Also, if you earn more than \$300,000 you will be subject to an additional tax of 15% taking the total tax on your contributions to 30%. From 2017 this will apply to those earning \$250,000 or more.

**The General Transfer Balance Cap of \$1.6m** is part of the new Superannuation reform laws and will come into force on 01/07/2017. This means that a total of \$1.6m may be transferred into the tax-free retirement or pension phase but it will be subject to indexation. All super pensions and annuities will count. However, Transition to Retirement Pensions are exempt. Do not exceed this cap because you will not be able to make any further transfers thereafter.

### How to contribute this financial year?

- Make A Non-Concessional Contribution of \$540,000 and use the 'Bring Forward Rule';

- Make a \$180,000 Non-Concessional Contribution and use the 'bring forward rule' to contribute a further \$300,000 in coming years;
- Make a Concessional Contribution of \$25,000 to \$35,000 depending on your age;
- Withdraw part of your Undeducted Non-Preserved (UNP) portion to enable you to contribute to your Super Balance.

Most importantly, seek professional advice about your specific situation and plan ahead.

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