

Federal Budget Fast Facts. Private clients.



There are several important announcements in this Budget that will specifically impact superannuation.

The superannuation reform package is designed to re-balance Australian's wealth in super, by providing incentives for those with low member balances to make extra contributions while capping the future ability of those with larger balances to contribute further. Some minor personal tax cuts for those earnings more than \$80,000 were also introduced to combat bracket creep.

The key takeouts are:

- A lifetime cap of \$500,000 effective from Budget night, with retrospective effect on non-concessional contributions made on or after 1 July 2007
- A \$1.6 million limit on pension balances in superannuation with amounts above this subject to tax at the concessional superannuation rate
- High income earners will pay an additional 15% tax on concessional contributions when their income exceeds \$250,000. This is a reduction from the previous \$300,000 threshold, with application from 1 July 2017
- Introduction of a Low Income Super Tax Offset to allow low income taxpayers to make contributions effectively tax free if they earn less than \$37,000
- Allow catch-up concessional contributions for members with a super balance of less than \$500,000 from 1 July 2017
- Scrapping the work test for members making concessional super contributions over the age of 65
- Allowing members to claim tax deductions on concessional contributions where working part-time or their employer does not provide salary sacrificing.

ShineWing Australia Budget Rating:



Doesn't
add up.

Too
taxing.

Nice work
Scott.

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What does this mean for you:

The significant announcements in respect to superannuation will require careful thought and analysis on how they affect you, how you structure your existing retirement assets or how you re-structure your plans for funding your retirement. Higher income earners will also need to consider both the reduction in the concessional contributions cap and the reduction in

the threshold for the additional 15% contribution tax as we move into a new financial year. The changes whilst significant, still provide substantial incentives to utilise superannuation as a retirement vehicle.

Finally, the tax cut for middle income earners provides a small tax saving for those earning more than \$80,000.

ShineWing Australia Budget Rating:

