

# White Paper

Contributions - what the changed concessional and non-concessional caps may mean for you.

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## Contributions – what the changed concessional and non-concessional caps may mean for you

With many of the changes announced in the 2016 Federal Budget now passed by Parliament, there is an amount of certainty that you can have when approaching your SMSF planning and the contributions you might wish to make to your SMSF.

The Government is lowering both the concessional (pre-tax) and non-concessional (after-tax) contribution limits from 1 July 2017.

One of the original proposed measures which received a lot of comment and caused concern was the \$500,000 lifetime non- concessional contributions (after-tax contributions) limit. This proposed measure was dropped and replaced with a \$100,000 annual limit on after-tax contributions.

Pre-tax contributions will be limited to \$25,000 for all taxpayers from 1 July 2017.

Below is a summary of the changes for both concessional and non-concessional contributions.

### **After- tax contributions**

- The \$500,000 lifetime limit has been dropped in favour of a \$100,000 annual cap. The rules allow the opportunity to bring forward three years of contributions – making it possible to contribute \$300,000 in one year.
- For the 2016/17 year, it is still possible to make a contribution of up to \$180,000 for one year, or to bring forward three years' contributions – so you are able to make a contribution of up to \$540,000. If you do not use this full limit of \$180,000 or \$540,000 in the 2016/17 year, then you will be limited to the \$100,000 annual and \$300,000 bring forward caps for future years.
- Where the bring forward of contributions has been triggered before 1 July 2017, transitional contribution caps may apply
- If you have a balance of \$1.6m or more in your SMSF at 1/7/2017 then you will not be able to make further after-tax contributions.
- When approaching the \$1.6m cap care will need to be taken with the bring forward rules as these are restricted by the new \$1.6 million balance restriction.

### **Pre-tax contributions:**

- The concessional contributions cap is lowered to \$25,000 per year for all taxpayers from 1 July 2017.
- Taxpayers who were aged 49 or over on 30 June 2016 can make up to \$35,000 in pre-tax contributions in 2016/17.
- Those aged under 49 on 30 June 2016 can make up to 30,000 in pre-tax contributions in 2016/17.

Some of these changes may require you to adjust your contribution strategies going forward.

This will most likely be the case if you have a superannuation balance of over or close to \$1.6 million or were planning on making significant contributions to superannuation in the next few years.

**How can we help?**

If you have any questions or would like to discuss any aspect of this letter, please contact our SMSF team or your Anne Street Partners Financial Adviser on **135 444**. We'll be happy to help.