### The Super Changes at a Glance

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<th>BEFORE JULY 2017</th>
<th>AFTER JULY 2017</th>
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<tr>
<td><strong>TAX</strong></td>
<td><strong>LIMIT</strong></td>
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<tr>
<td><strong>Concessional (Before-tax contributions)</strong></td>
<td><strong>15% or 30% if income &gt;$300k</strong></td>
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<tr>
<td><strong>Non-concessional (After-tax contributions)</strong></td>
<td><strong>After tax income - no tax</strong></td>
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<td><strong>Tax treatment in accumulation phase</strong></td>
<td><strong>15%</strong></td>
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<td><strong>Tax treatment in pension phase</strong></td>
<td><strong>Tax free</strong></td>
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<td><strong>Tax treatment of transition to retirement account</strong></td>
<td><strong>Tax free</strong></td>
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<td><strong>TAX</strong></td>
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<tr>
<td><strong>15% or 30% if income &gt;$250k</strong></td>
<td><strong>$25,000 p.a</strong>&lt;br&gt;For everyone**</td>
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<tr>
<td><strong>After tax income - no tax</strong></td>
<td><strong>$100,000 p.a</strong>&lt;br&gt;3yr bring-forward rule will apply to most</td>
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<td><strong>15%</strong></td>
<td><strong>No limit</strong></td>
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<td><strong>Tax free</strong></td>
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Source: Dept of Treasury
Superannuation Has Changed. Have you?
Understand the major changes to super and how they may affect you.

1. New limits on non-concessional contributions

From 1 July, the annual cap on non-concessional (not claimed as a tax deduction) super contributions will be reduced from the current $180,000 to $100,000 a year.

The new $1.6 million balance transfer cap has implications for estate planning.

The bring forward rule,* which allows people under 65 to ‘bring forward’ two years’ worth of contributions, will reduce accordingly, from $540,000 in any three-year period to $300,000. (Balances of over $1.4 million are subject to different rules).

If you have a Super balance of more than $1.6 million, then you will no longer be allowed to make further non-concessional contributions.

**ACTION**
- Make any large non-concessional contributions (up to the current limit) before 30 June.
- If you have already triggered the bring forward rule either last year or this year but didn’t contribute the full $540,000, you will only have until 30 June to get the balance into super. Any delays could affect the amounts you can contribute.

2. Lower concessional caps

Concessional (tax deductible) contributions include employer Super Guarantee payments, salary sacrifice arrangements and personal deductible contributions.

The concessional contributions cap is currently $35,000 if you are aged over 50; $30,000 if you are younger. From 1 July, the cap will drop to $25,000 for everyone.

**ACTION**
- If you currently salary sacrifice more than $25,000 per annum you will need to amend this with your employer at the start of the new financial year.

3. Tax changes for Transition to Retirement (TTR) pensions

From 1 July, earnings on superannuation assets used to pay a TTR pension will no longer be tax free, they will be taxed at the 15% superannuation rate.

The payments you receive from your TTR pension will continue to be taxed as they are now. That is, payments are tax free if you are aged 60 or over, or taxed at your marginal rate with a 15% tax offset if you are aged 56-59.

**ACTION**
- High-income earners may be worse off using a TTR strategy from 1 July, as the income threshold at which individuals begin to pay contributions tax may be at the higher rate of 30% instead of the normal super rate of 15%. In addition, this threshold will be lowered from $300,000 to $250,000. A financial adviser can assist with reviewing your current TTR pension strategy so you may understand how this could affect you.

4. $1.6 million pension cap

A limit is being introduced on the amount of money you can hold in a tax-free superannuation pension.

From 1 July, individuals must restrict the combined value of their pension accounts to a maximum of $1.6 million. This is referred to as a ‘transfer balance cap’ and will apply to all existing and new pension accounts.

Special rules will also apply where you receive certain non-account based defined benefit pensions, such as a lifetime pension.

**ACTION**
- If you think you will have more than $1.6 million in your combined pension accounts by June 30 you may need to withdraw the excess amount. This can be transferred to a super accumulation account where it will be taxed at 15% or remove it from super entirely.

5. Estate planning implications

Estate Planning will be affected by the introduction of the $1.6 million balance transfer cap.

Transferring assets back into an accumulation account could have an impact on your estate planning.

In the event of your death, any income paid out of your super pension to a partner or dependent child will be assessed as part of their $1.6 million pension cap.

**ACTION**
- The rules around super and estate planning are complex. It is highly recommended that you speak to your Financial Adviser to understand how these may affect you.

Speak to your Financial Adviser to fully understand how these changes could affect you.

Contact Us 135 444.

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