

Super Easy News!

News and information for the clients of
Superannuation Services Pty Ltd



Superannuation Services

Trust, Ethics, Dedication

A.C.N. 080 604 717 A.B.N. 54 080 604 717

June 2017

PENSION PAYMENT REMINDER

If you are in pension phase, please ensure you have withdrawn your minimum pension by 30th June 2017, as advised in correspondence from Superannuation Services.

ARE YOU LIKELY TO HAVE \$1.6m OR MORE IN SUPER PENSION ACCOUNTS ON 30TH JUNE 2017?

The \$1.6m relates to the total balance of all your pension accounts. If you are likely to have over \$1.6m in total in Super as at 30th June 2017, you need to take action to comply with the new Super rules. As of 1st July 2017, the government has introduced a maximum amount of \$1.6m that can be kept in retirement pension accounts. Amounts above \$1.6m need to be commuted back into an accumulation account or withdrawn.

The retirement pension account portion will remain tax free, while the accumulation account portion will attract tax up to 15%.

The value of each Account Based pension or Allocated pension is the amount recorded on your Members Statement/s. For all other pensions there is a formula calculation required. In the case of Market Linked pensions and Life Expectancy pensions the calculation is the annualised amount of the first payment in 17/18 by the remaining term. For Lifetime Complying pensions the calculation is 16 times the annualised amount of the first payment in 17/18.

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DO YOU HAVE GOVERNMENT OR DEFINED BENEFIT PENSION ACCOUNTS?

Most likely these accounts are not commutable but there are special provisions in the legislation which allow any excess without penalty. However the annual pension may be taxed differently. If you are affected, it could mean that your SMSF pensions need to be commuted back to an accumulation account.

DO YOU HAVE OTHER SUPER PENSION ACCOUNTS OUTSIDE YOUR SMSF?

If you have other Super pension accounts outside your Self Managed Super Fund please let us know. Any request to commute back to \$1.6m will clearly need to identify which accounts are to be commuted. The notification of balances to be commuted will be done following completion of the 2017 Fund/s Financials.

IF YOU'RE HAPPY WITH OUR SERVICEDon't Keep Us a Secret!

We are open to new business. Do you know anyone else who can benefit from our services? Please recommend us to work colleagues, friends and family.



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**Get the right information and support to
protect your future.**

NEXT STEPS.....

In recent weeks the ATO has released guidelines regarding the documentation required to reduce the retirement phase pension to \$1.6m. If you follow the ATO guidelines the ATO will not review the commutation.

If you are affected, or likely to be affected by the new \$1.6m rules, please peruse the attached documents. If you are in agreement, please sign and return to our office. Attached:

- Members Request; and
- Trustee Resolution.

CONTRIBUTION CAPS

Concessional Contribution eg: SGC, Salary Sacrifice, Employer, Member Claiming Tax Deduction		
2016/2017	30,000	If 49 or over on 30/06/2016 the cap is \$35,000
2017/2018	25,000	

Non-Concessional Contribution i.e: member after tax money		
	Under 65 anytime during financial year with a Total Super Balance (TSB) under \$1.6m	Over 65 at all times during financial year with a Total Super Balance (TSB) under \$1.6m
2016/2017	180,000*	180,000
2017/2018	100,000#	100,000

* Subject to the \$540,000 over a 3 year period 'bring forward' rules.
Note: Any Contributions made after 65 are subject to the "work test".

# Maximum Non-Concessional Contribution and Bring Forward available from 1/7/2017		
Total Super Balance	Contribution allowed	Contribution period
Over = \$1.6m	Nil	Nil
Less than \$1.6m		
Over = \$1.5m	\$100,000	Over 1 year
Less than \$1.5m		
Over = \$1.4m	\$200,000	Over 2 years
Less than \$1.4m	\$300,000	Over 3 years

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