

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 2021

Have you taken enough Pension?

30th June is fast approaching, have you taken your minimum pension? If you have misplaced your pension letter, call the office and we will be happy to provide the amount.

Make sure the pension has been taken well before, as the withdrawal must appear on the Super Fund's bank account prior to 30th June to meet the rules.

Drawdown Relief Extended

The government has announced an extension of the temporary reduction in the superannuation minimum drawdown rates for a further year to 30th June 2022. The minimum pension drawdown will be halved for the 21/22 financial year. The rate is applied to the member's pension balance from the 30th June of the previous financial year, being the pension balance as at 30/06/2021.

Age	Standard Minimum % Withdrawal	Relief Rate Reduced by 50% 2021-2022 income year (%)
Under 65	4%	2%
65 - 74	5%	2.5%
75 - 79	6%	3%
80 - 84	7%	3.5%
85 - 89	9%	4.5%
90 - 94	11%	5.5%
95 or more	14%	7%

2020 Lodgements by the Deadline

Here at Super Services we have achieved a 100% lodgement on time as monitored by the ATO. This is our continued commitment to you.

Ph 07 3808 1500

Postal Address: PO Box 153, Springwood Q 4127

Street Address: 3/24 Vanessa Boulevard, Springwood Q 4127

Email: admin@superannuationservices.com.au

Admin Fee

With all the turmoil last year we chose not to increase the administration fee by the usual CPI adjustment. This year's increase will be the first since 2019. The 2021 administration fee will increase by CPI of 3.3% as per our administration agreement.

INDEXATION

Concessional Contributions Cap

Concessional contribution limits are subject to indexation in \$2,500 increments on an annual basis in line with increases in the Average Weekly Ordinary Time Earnings (AWOTE).

As from 1 July 2021, the concessional contribution cap will increase to \$27,500.

Non-Concessional Contributions Cap

Non-concessional contribution cap moves with the concessional contribution cap and is based on four (4) times the concessional contribution cap. As of 1 July 2021, the non-concessional contribution cap will increase to \$110,000.

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

Transfer Balance Cap (TBC)

The TBC is subject to indexation in \$100,000 increments on an annual basis in line with the Consumer Price Index (CPI).

As from 1 July 2021 the general transfer balance cap will increase to \$1.7 million. Depending on your personal circumstances, this will introduce a personal transfer balance cap. This information will be available on-line through your personal myGov account.

The change will affect you differently based on the highest ever balance in your transfer balance account.

If your transfer balance account is nil, being that you have never started a retirement income stream. Your personal transfer balance cap will be \$1.7 million.

If at any time your transfer balance account has been \$1.6 million before 1 July 2021, your personal transfer balance cap will be \$1.6 million and no indexation will be applied.

If your transfer balance account is below \$1.6 million you are entitled to a proportional increase to the cap consistent with the unused portion of the cap.

For example, consider a person in pension mode with an existing transfer balance account of \$1,440,000 and that represents their highest ever value. The portion of unused cap is 10% ($\$160,000/\$1,600,000 \times 100$). The amount of proportional increase is \$10,000 ($\$100,000 \times 10\%$). The personal transfer balance cap from 1 July 2021 will be \$1,610,000. In this example the person would be entitled to put an additional \$170,000 ($\$1,610,000 - \$1,440,000$) into pension phase from 1 July 2021.

Non- Budget Announcement Implications

- The rate of Superannuation Guarantee (SGC) will increase to 10% on 01/07/2021.
- No further access to Super for those adversely affected by COVID 19.

2021 Budget Highlights

The recent announcements are expected to start from 1/7/2022 (subject to the legislation receiving royal assent). Below are the bullet points:

- Removing the Work Test for people under 75 for non-concessional contributions.
- Extending the bring forward rules to age 75.
- Lowering the age to 60 for downsizer contributions.
- Legacy Pension Relief.
- Relaxing the SMSF residency status.
- Removal of the earnings threshold to receive superannuation guaranteed contributions.

Year End Process

As we gear up for another year end, we will be following our usual practice of sending our information package out in the first week of July.

The information package contains schedules covering fund information, contributions, and rollovers, off market transfers (listed shares that have been transferred into the name of the Super Fund that are to be treated as contributions), and benefit payments out of the fund. We provide two checklists for the trustees to use, a document checklist and a list outlining the paperwork needed to be returned.

We also provide a compliance questionnaire which **must** be completed by the trustees as it is an audit requirement. These questions are asked each year to ensure the fund is compliant for the specific year.

The package is complete with a covering letter and is delivered by your preferred mailing method, post or email.

An interim invoice is delivered by email under a separate cover or, if posted, with the information package.

Rollovers to and from an SMSF

For a number of years, employers and mainstream superannuation funds have had to electronically transfer contributions and rollovers and the associated data was also sent and received electronically. This process is called SuperStream, it was introduced to streamline the process of transferring money and data from employers to super funds and between super funds. For SMSF's, the transfer of data is facilitated using an electronic service address (ESA). Any member who is receiving employer contributions, from a non-related party, to the SMSF should already have an ESA, which we at Superannuation Services provide at no cost to our clients, through Auspostsmf, an Australia Post platform. From 1st October 2021 it will be compulsory for SMSFs to comply with the SuperStream requirements. This means any rollover from or to the SMSF will need the payment and the associated data to be sent and received electronically.

We have been in touch with Australia Post and it is their intention to have their system operational by 30th September 2021. If any member intends to rollover money from a super fund to their SMSF after 30th September 2021, please contact the office so we can register the fund for an ESA and provide you with the information you will need to complete the rollover transfer form.

Contribution Caps

Concessional Contribution eg: SGC, Salary Sacrifice, Employer, Member Claiming Tax Deduction	
2021/2022	\$ 27,500

Non-Concessional Contribution i.e: member after tax money	
Total Super Balance (TSB) under \$1.6m	
2021/2022	\$ 110,000 #

Note: Any Contributions made after 67 are subject to the "work test".

# Maximum Non-Concessional Contribution and Bring Forward from 1/7/21 if under 65 anytime during financial year		
Total Super Balance	Contribution allowed	Contribution period
Over = \$1.7m	Nil	Nil
Less than \$1.7m Over = \$1.59m	\$110,000	Over 1 year
Less than \$1.59m Over = \$1.48m	\$220,000	Over 2 years
Less than \$1.48m	\$330,000	Over 3 years

3

Rollovers to and from an SMSF cont...

The transferring fund is required to undertake checks to ensure the rollover is not an illegal early release scheme and the member's identity has not been compromised. Part of the checking process is to ensure the receiving SMSF's bank account details matches the ATO held bank details. This could be an issue for SMSFs with multiple bank accounts.

Please note, currently there are no plans to introduce Super Stream for member contributions or related employer contributions.

ATO Alerts

The ATO had advised (QC 60474) from February 2020, they will send an alert to the Trustees via email or text message when changes are made within the SMSF, to help safeguard retirement savings and reduce the risk of fraud and misconduct. This includes changes to:

- Bank Account Details
- Electronic Service Address (ESA)
- Authorised Contact
- Members
- Rollover Verification Request

Get the right information and support to protect your future.

Paperwork – The bane of our existence 4

We have recently had cause to reflect on the paperwork we need to prepare Fund Financials and if it can be delivered in a smarter way.

These days companies/share registries often request we receive information via email or encourage us to go on-line to get information for ourselves. Perhaps a year end file with the information received throughout year could be compiled and a copy forwarded to us when the time is right. That means you have a complete set of records for the Financial year and we have the information to prepare the Financials in an environmentally friendly way.

Most information emailed would be as a pdf file and on-line information usually can be download as pdf or as an excel file. The folder/file, or even sub-folder, for bank statements, contract advices, dividend advices, property expenses etc could be built up over the year. We can see a real upside for our clients because they have the file ready to go when the last piece of information is received, instead of compiling, at year end, numerous pieces of paper.

The information that you provide that reflects the figures in the Financials, are forwarded to the respective Fund's Auditor electronically.

Some Portfolio Managers produce enormous reports, in most cases we only require a printout of a few handful of pages. It seems ludicrous to get a complete hardcopy for a few useful pages to prepare the Financials. We do send the entire report to the Fund's Auditor, so we do need the whole report, but perhaps we can receive it in a different manner from a hardcopy. Quite a few clients send their information via email and/or USB flash drives. We would be happy to receive these large reports by this method to save the world, one page at a time.

There are some tasks we still find easier by way of a hardcopy, for example reconciling the investment register, instead of screen to screen comparison. We use recycled paper as much as possible.

We know everybody's computer skills are different and the equipment they have varies, so we are not pressuring anybody to change their practices and what they feel comfortable in doing. We are proposing that if any client wants to change how they provide information to us, we are willing to adapt and embrace different practices. If you wish to discuss, please do not hesitate to contact the office by phone or email.

Paying Expenses

Please ensure that when paying Fund expenses that you include the Fund name or invoice number as the reference. As you can appreciate, with standard fees like ours and the actuary, it is very challenging to match a payment to the correct client when the reference used is "Accounting Fees". Some banking institutions make it difficult to find the reference spot, even making you scroll to a second page or screen. To assist us in matching your payment please utilise the correct reference.

If You Are Happy With Our Service - ...Don't Keep Us a Secret!

Did you know ALL of our work is performed in Australia by a small dedicated team of professionals – there is **NO off-shore** processing, unlike most of our competitors.



If you are happy with the service we provide please recommend us to work colleagues, friends and family.

Disclaimer: This bulletin has been published as a service to Superannuation Services Pty Ltd clients and should not be used or relied upon as substitute for detailed advice. The above information provided to you is purely factual in nature and does not take account of your personal objectives, situation or needs. The information is objectively ascertainable and therefore does not constitute financial product advice. If you require personal advice you should consult a properly licensed or authorised financial adviser. Articles or extracts may be reprinted with proper acknowledgement.



We are one of Australia's leading specialist self managed superannuation fund (SMSF) administration companies