Super changes you need to know in 2017

The government has legislated major changes to superannuation to be implemented on 1 July 2017.

Major changes that may affect you include:

- New contribution caps that will limit the amount you can contribute to super from your before tax and after tax salary.
- A concessional tax on investment earnings will apply to transition to retirement accounts – such as the Vision Non-commutable Allocated Pension.
- A new $1.6 million transfer balance cap will limit the savings you can have in a retirement phase account, such as the Vision Allocated Pension.

New $1.6 million super transfer balance cap

From 1 July 2017, the government will introduce a new $1.6 million transfer cap to limit the savings you can have in a retirement phase account, such as the Vision Allocated Pension.

If you have more than $1.6 million in the retirement phase, you will need to transfer these savings back into an accumulation account, such as a Vision Super Saver or Vision Personal account.

The new transfer balance cap applies to all super you may have in the retirement phase, including any pension accounts you may have with other super funds.

If you are a Lifetime Pension member and the value of your Lifetime Pension exceeds $1.6 million, you will only need to take further action if you have an additional pension account - such as an allocated pension with Vision Super or a simillar pension account with another fund.

Tax to be applied to earnings in transition to retirement accounts

If you have super invested in a transition to retirement income stream, such as a Vision Non-commutable Allocated Pension account, the earnings so far on your initial investment have been tax free.

From 1 July 2017, these investment earnings will be taxed at a rate of 15%. This is the same concessional tax rate as earnings in an accumulation account (such as a Super Saver or Vision Personal account).

While the earnings on your Vision Non-commutable Allocated Pension will no longer be tax free, they will be taxed at the concessional rate – which is generally less than the tax you pay on your salary.

This change will apply regardless of when you commenced your transition to retirement income stream.

Extend deductions for personal contributions

Currently an income tax deduction for personal before tax super contributions is only available for people who earn less than 10% of their income from salary or wages.

From 1 July 2017, everyone under the age of 65 (and those between 65 and 75 years who meet the work test) will be able to claim a tax deduction for personal before tax contributions to eligible super funds.

This change will allow people who are self employed or who work for an employer who does not allow salary sacrifice contributions to make concessional (before tax) contributions to their super. The contributions will be subject to the contribution cap and the concessional tax rate of 15%.

Increased access to spouse super tax offset

Currently a tax offset of $540 is available for individuals who make super contributions to their spouse's super with incomes up to $10,800. As of 1 July 2017, this will be extended to spouses with incomes of up to $40,000.

Higher concessional contribution tax for those with incomes of $250,000 or more

From 1 July 2017, if your annual income is over $250,000, you will be required to pay an additional 15% tax on concessional super contributions, making your total tax 30%. Previously, the additional tax only applied if you earned $300,000 or more each year.

To be liable for a total of 30% tax, you will need to have at least $250,000 in combined income and concessional superannuation contributions. This change will also be reflected in defined benefit schemes.

New contribution caps

New annual concessional (before tax) contribution cap of $25,000

From 1 July 2017, you will be able to contribute a total of $25,000 to your super from your before tax salary each year. This new cap applies to everyone, regardless of age.

Concessional contributions include:

- Employer contributions (including contributions made under a salary sacrifice arrangement)
- Personal contributions claimed as a tax deduction.

Please note: If you have more than one fund, all concessional contributions made to all of your funds are added together and counted towards the concessional contributions cap.

From 1 July 2018, If you have less than $500,000 in your super, you can carry forward unused cap space from up to five years prior. The Government refers to this new measure as 'catch-up concessional contributions'. For example, if you have a super balance of $200,000, and haven't made any concessional contributions in the past three financial years, you will be allowed to make a concessional contribution of up to $75,000 to your super in the current financial year.

Concessional contribution cap

2016–17	2017–18
Under 49 years at 30 June 2017: **$30,000** Over 49 years at 30 June 2017: **$35,000**	For all ages: **$25,000**

Please read our disclaimer at:
www.visionsuper.com.au/disclaimer.

If you require any further information, **contact Vision Super Member Services on** 1300 300 820.

New annual cap for non-concessional (after tax) contributions

From 1 July 2017, you will be able to contribute a total of $100,000 into your super from your after tax salary (non-concessional contributions). This new annual cap will replace the current cap of $180,000.

If your super balance is above $1.6 million you will no longer be eligible to make non-concessional contributions.

If you are under 65 and contribute more than $100,000 into your super, you will trigger the three year 'bring forward rule'. This rule allows you to make your contributions for the next two years in advance – but you can still only contribute a total of $300,000 over three years.

Contribute before 30 June 2017!

- Before you contribute, make sure you haven't already exceeded the current caps! Check what contributions have been made to all your super funds from 1 July 2016.
- Estimate the amount of employer contributions that will be made for you before 30 June 2017 and how much you are contributing through salary sacrifice. You can use the ATO's **Estimate my super tool** to work this out.
- If you'd like to make non-concessional contribution, the easiest way to do this is via BPAY **(instructions here)**.
- If you'd like to make a concessional contribution, fill out our **payroll deduction form** and give it to your payroll officer.