

Your Super Planning for 2018



Another financial year is quickly coming to a close and a raft of new thresholds for superannuation started on 1 July 2017 that you should be aware of.

The good news is you still have time to make the most of your super in the 2017/18 year. Below are some of the key areas you should take note of to maximise the effectiveness of your SMSF.

Concessional Contribution Cap

Concessional contribution limits have dropped from \$30,000 for the under 50s and \$35,000 for the over 50s to \$25,000 for all in the 17/18 year. Please make sure you have taken this into account in any automatic transfers and salary sacrifice arrangements to your SMSF.

New Rules for extra Concessional Contributions

From 1 July 2017 the '10% work test rule' regarding employees was removed allowing almost everyone to make contributions and get a personal tax deduction by putting money directly into your super fund.

This is an important new way for those of you who are employees to top up your super to the maximum. If using this strategy please give ample time to ensure the contribution is received by June 30. Do not leave it until June 28 as the contribution may well not be processed until July 3 and will count as a 2018/19 contribution.

Capital Gains Tax reduction using Concessional Contributions

As a result of the above there is now the opportunity for all taxpayers to use personal concessional contributions to reduce a Capital Gains tax issue.

Minimum Pension Payments by 30 June

Our annual piece of advice - make sure that you make your minimum pension payment before 30 June. If you don't your fund will lose its tax exemption for the whole year. Please contact us if you're unsure of your pension draw down requirements.

Non Concessional contribution cap (NCC) rules

The annual limit for NCCs has dropped from \$180,000 a year to \$100,000 a year as of 1 July 2017. You can make contributions up to age 65 and utilise the 3 year bring forward rule to a maximum of \$300,000 in one year subject to the restrictions below:

- If you already have more than \$1.5million in **total** superannuation accounts you are limited to making \$100,000 in NCCs.
- If you have between \$1.4million and \$1.5million you are limited to putting in one year's NCC and one year bring forward (i.e \$200,000).
- If you have less than \$1.4million in super can you use the maximum bring-forward rules to put in \$300,000.
- If over \$1.6million no further NCC allowed.

Please note that the cap is based on the total of **all** your superannuation fund accounts not just any within your SMSF. If you have funds outside of your SMSF please provide details to us as this can affect any advice we may give.

Spouse Superannuation Equalisation

With the introduction of the \$1.6million total super balance cap it is now critical that strategies are used to equalise member balances to avoid paying additional tax to the ATO.

Spouse Super Splitting

One way to even up super balances is 'spouse super splitting', which involves transferring your concessional contributions for one spouse to another (less the 15% contributions tax) after the end of a financial year. You only have until the end of the following financial year to do the spouse split. That is, for FY17, you will need to give super funds the instruction to do the spouse split rollover before 30 June 2018.

ATO Pension Reporting

With the new ATO reporting requirements commencing July 1 2018 please advise as soon as possible regarding any decisions to commence or cease a pension.

Please contact us to discuss your SMSF if you have any queries in relation to any of the matters discussed here.