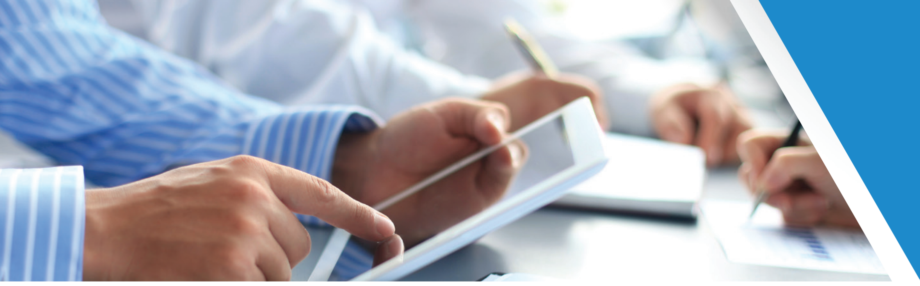


New Superannuation rules from 1 July 2019

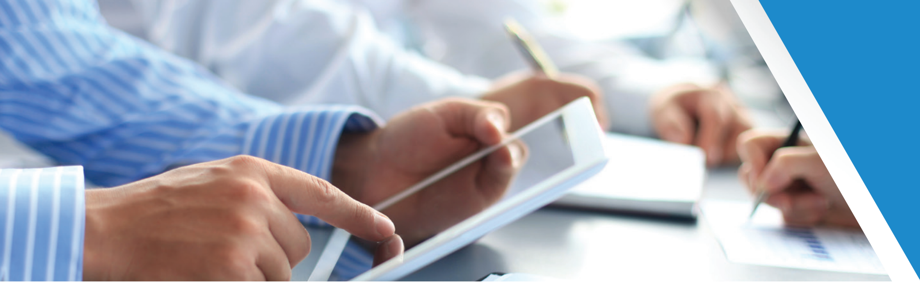
With the 2019 Federal Election now behind us, it is time to re-cap on where the Self-Managed Superannuation sector is heading over the next 12 months. The Coalition forming Government could be seen as a positive for the SMSF sector given their superannuation policies appeared to be more favourable in the lead up to the election. It would seem that the Coalition's intention is to push ahead with increasing the number of members of a Self-Managed Fund from 4 to 6. The Coalition also plans to implement changes to the "work test", as outlined in the 2019 Budget, and allow those aged 65 and 66 to access the bring forward arrangements for non-concessional contributions (after-tax contributions) and increase the age limit for making spouse contributions from age 69 to 74.

- Legislation that came into effect on 1 July 2019, includes the "work test exemption contributions" for recent retirees. This means that those that met the work test in the preceding financial year and have a Total Superannuation Balance of less than $300,000 on 30 June 2019 and have not used this work test exemption in any previous financial year can make voluntary contributions for 12 months from the end of the financial year in which they last met the work test.

- Other Legislation that passed through Parliament and came into effect on 1 July 2019 are the new "Protecting Your Super" laws. The point of these measures is to ensure that superannuation balances are not being eroded by fees and insurance premiums, especially those with low balances or have been inactive for a period of time. One of the measures introduced was the cancellation of insurance cover for inactive superannuation accounts. The rule deems an account to be inactive if no contributions or rollovers have been received for 16 consecutive months. This is unlikely to occur in a Self-Managed Superannuation environment as it is more likely that contributions are being made into the member's account and therefore it is unlikely that the account would be deemed inactive. However, when you set up your Self-Managed Superannuation Fund you may have rolled over the majority of your superannuation balance from a retail or industry fund, left enough in the other fund to continue the insurance. Unless you have continued to contribute to this fund, it may have become "inactive" under these new rules. If this insurance is still required then you will be required to contact this fund and make an election or "opt-in" to keep the insurance. We recommend that you contact Kennas Financial Services Pty Ltd if you would like to undertake a review of your Life/TPD and income protection insurance.

Super Stream

The Government have delayed the introduction of Super Stream for rollovers. Originally, this was to commence from November 2019, but has now been delayed by the Government until March 2021.



Single Touch Payroll

The Australian Taxation Office has introduced real-time reporting of information from employers in relation to PAYG and superannuation effective from 1 April 2018 for large employers (those with more than 20 employees) and from 1 July 2019 for all other employers. Under these new provisions an employer must notify the ATO of any salary or wages paid and any PAYG withholding made on these payments. Although SMSF trustees have PAYG withholding obligations in certain circumstances (like when paying a pension payment to a member that is under 60 years of age) it is believed that SMSFs will be exempt from the Single Touch Payroll obligations as it is an "employer obligation" and hence will not apply to SMSFs as it would be rare for them to have employees.

Quick Reference Guide

Superannuation Contributions

Concessional	Non concessional
Compulsory employers contributions (SG)	Personal after tax contributions
Salary sacrifice contributions	Spouse contributions
Personal tax deductible contributions	Contributions which exceeded your concessional cap

Contributions are counted towards the caps in the year in which the cash is received into the fund's bank account. The 10% rule has been removed for personal tax deductible contributions. To claim a tax deduction for a super contribution, you must lodge a S290-170 of the ITAA 1997 notice with the superannuation fund and receive acknowledgment.

Concessional Contribution Caps

Financial Year Ending	Contribution Limit
2018/2019	$25,000
2019/2020	$25,000

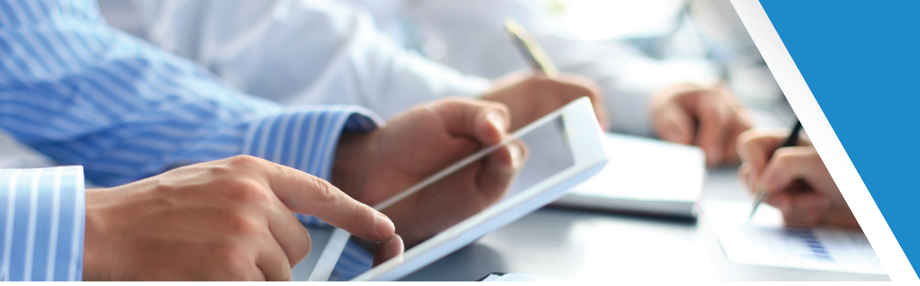
From 1 July 2018, where the Total Superannuation Balance is under $500,000, a member can carry forward any unused Concessional Contributions for up to 5 years to make additional Concessional Contributions from 2019/2020 onwards.

Non Concessional Caps (Age less than 75)

Financial Year Ending	Contribution Limit
2018/2019	$100,000
2019/2020	$100,000

Aged under 65 at 1 July may 'bring forward' two years of contributions (i.e. 3 x annual cap).
Aged over 65 at 1 July is restricted to the annual limit.
Taxpayers with a total super balance over $1.6 million will not be able to make Non Concessional Contributions.

Superannuation Balance	Contribution and bring forward available
Less than $1.4 million	3 years ($300,000)
$1.4m - under $1.5m	2 years ($200,000)
$1.5m - under $1.6m	1 year ($100,000)
$1.6 million	Nil



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Total Superannuation Balance at a particular time is the total of all of your accumulation account balances plus your retirement account balance and any rollovers that have not been reflected in either of these balances (rollovers in transit between super funds on 30 June).

There are exemptions from the Non-Concessional Contributions Cap which are as follows:

- Proceeds from settlement of personal injury.
- Government co-contribution payments.
- Rollovers from taxed superannuation funds.
- Proceeds from sale of small business Capital Gains Tax assets up to cap limits.
- Downsizer contributions up to the lifetime limit of $300,000.

Superannuation Benefit Payments

Preservation of benefits

An individual must reach their preservation age before they can access their superannuation benefits.

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 1 July 1964	60

Conditions of Release

Superannuation monies can only be withdrawn when a member meets a condition of release.
The following are legislated conditions of release:

- Reach preservation age and retire
- Cease employment (>60 yrs)
- Aged over 65 years
- Transition to Retirement Pension - over preservation age
- Death
- First Home Super Saver Scheme
- Temporary or permanent disability
- Depart Australia permanently
- Financial hardship or compassionate grounds
- Cease employment and account balance < $200
- Terminal medical condition

Superannuation Income Stream Benefits

Age at 1 July	Minimum Withdrawal
Under 65	4%
65 - 74	5%
75 - 79	6%
80 - 84	7%
85 - 89	9%
90 - 94	11%
95 and over	14%

Maximum withdrawal for TRIS is 10%.

FOR MORE INFORMATION Contact

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