wa super
Trust the locals

Super changes

The changes to superannuation, announced in the May 2016 Federal Budget, commenced on 1 July 2017.

Check to see if any of these changes directly affect you, or what these changes may provide for you to maximise your savings for a comfortable retirement. A comfortable retirement is about much more than just having the financial means to live adequately. It's also about knowing and understanding your retirement savings.

The Australian Tax Office (ATO) have created a short video to explain who may be affected by these changes.

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What are the changes?

Following is a list of the changes and who they may affect provided by the Australian Tax Office. For more information on each of the changes click on the link relating to that change.

If you or your spouse earn less than $40,000

Change to spouse tax offset
As of 1 July 2017, the spouse's income threshold has increased to $40,000. The 18% tax offset of up to $540 remains and is available for any individual, whether married or de facto, contributing to a recipient spouse whose income is up to $40,000. The offset gradually reduces for incomes above $37,000 and completely phases out at incomes above $40,000.

New low income super tax offset
As of 1 July 2017, eligible individuals with an adjusted taxable income up to $37,000 will receive a LISTO contribution to their super fund. The LISTO contribution is equal to 15% of their total concessional (pre-tax) super contributions for an income year, capped at $500.

If you're making extra contributions to your super

Change to personal super contributions deductions
As of 1 July 2017, individuals (primarily self-employed) are no longer required to meet the condition

that less than 10% of their income is from salary and wages. The remaining conditions remain the same.

Change to non-concessional (after-tax) contributions cap
As of 1 July 2017, the annual non-concessional contribution cap has reduced from $180,000 to $100,000 per year. This will remain available to individuals between 65 and 74 years old if they meet the work test. The cap will be indexed in line with the concessional contributions caps.

Change in eligibility for co-contributions
As of 1 July 2017, in addition to the normal requirements, you must have a total super balance less than $1.6 million for the 2017-18 financial year and must not have contributed more than your non-concessional contributions cap.

If you're approaching retirement

Change to concessional (pre-tax) contributions cap
As of 1 July 2017, the concessional contributions cap is $25,000 for everyone. Previously, it was $35,000 for people 49 years and older at the end of the previous financial year and $30,000 for everyone else. The new cap will be indexed in line with average weekly ordinary time earnings (AWOTE), in increments of $2,500 (rounded down).

Change to transition-to-retirement (TTR) income streams
As of 1 July 2017, the government has removed the tax-exempt status of earnings from assets that support a TTR income stream. Earnings from assets supporting a TTR is now taxed at 15% regardless of the date the TTR commenced.

New transfer balance cap for pension phase accounts
As of 1 July 2017, there is a limit on how much of your super you can transfer from your accumulation super account to a tax-free 'retirement phase' account to receive an account-based pension income.

If you earn over or close to $250,000

Change to Division 293 income threshold
As of 1 July 2017, the government has lowered the Division 293 income threshold to $250,000. An individual with income, and concessional super contributions, exceeding the $250,000 threshold will have an additional 15% tax imposed on the lesser of the excess or the concessional contributions (except excess contributions).

If you have taken time out of the workforce or work part time

Change to spouse tax offset - see above.

Removal of anti-detriment payment

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Previously, the anti-detriment provision enables a super fund to claim a deduction in their tax return for a top-up payment made as part of a death benefit payment where the beneficiary is the dependant of the person. The top-up amount represents a refund of a member's lifetime super contribution tax payments into an estate.

As of 1 July 2017, the government has removed this provision and super funds will no longer be able to claim this deduction. This change will ensure consistent treatment of lump sum death benefits across all super funds.

Change in eligibility for co-contributions - see above.

If you're retired

New transfer balance cap for pension phase accounts - see above.

Removal of anti-detriment payment - see above.

Need help?

The rules and strategies around super can be complex, which is why WA Super employs qualified, salaried, professionals to assist members. As a not for profit super fund, WA Super is absolutely focused on assisting members like you to achieve the most comfortable retirement possible.

To understand these changes and how they affect your personal circumstance, contact WA Super today on (08) 9480 3500 to book your first consultation with one of our qualified Financial Planners.

WA Local Government Superannuation Plan Pty Ltd ABN 64 066 797 162, AFSL 269006, as Trustee for WA Local Government Superannuation Plan ABN 18 159 499 614

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