Your guide to

Superannuation Rules 2019

From minor changes to larger adjustments, such as the recent tax break limits, superannuation is constantly undergoing adjustments from the Government. Understanding super, however, remains critical to the success of your retirement planning. Here are some basic superannuation rules in 2019.

Benefits and deductions

Benefitting from spouse contributions

An individual making a contribution into their spouse's super account may be entitled to a maximum tax offset of $540 if the spouse earns $37,000 or less per annum.

Claiming a tax deduction on super contributions

Employees and self-employed individuals can claim a personal tax deduction for contributing to your super. This is capped at $25,000 and includes your employer's contributions.

If your super balance is below $500,000, you can carry forward any unused cap for five years, however these concessional contributions are taxed at 15% on entry into your super fund.

Low-income super tax offset

A low-income super tax offset (LISTO) is available to help low-income earners save for retirement. If you earn income up to $37,000, you may be eligible to receive a refund into your superannuation account on the tax paid on your concessional superannuation contributions (15% tax on entry in the fund) up to a cap of $500.

Retirees can make voluntary contributions in the first year of retirement

Retirees aged between 65 and 74 with a superannuation balance below $300,000 will be allowed to make voluntary super contributions for the first year that they no longer meet the work test requirements.

Restrictions

Tax-free pensions limited to $1.6 million balance

When you convert your super into a pension to derive an income in retirement and achieve tax free status, you'll be restricted to transferring a maximum one-off transaction of $1.6 million per person.

Any additional super stays in 'accumulation' mode and continues to be taxed at 15%. Should the pension balance grow above $1.6 million once set up from investment earnings, it remains tax free.

Contributions

Government co-contribution

Depending on your income and after-tax contributions, the government can contribute up to $500, tax free. This co-contribution is also not taxed when it is deposited into or withdrawn from your account.

The full $500 co-contribution applies to individuals who earn $37,697 or less and contribute at least $1,000 into their super, however partial co-contribution is available for those earning up to $52,697.

Non-concessional contributions caps

You can only contribute, after tax, $100,000 p.a. into your super, with the ability to bring forward 3 years of contributions to make a maximum $300,000 contribution. Once your super reaches a balance of $1.6 million, you will not be able to make any more after tax contributions. Non-concessional contributions do not incur any tax on entry into your super.

So where is super going?

Changes to rules about super are about limiting the amount that can go into the fund itself and thus receive tax advantages, rather than removing those advantages altogether.

In the past, individuals could afford to wait until they were close to retirement before making large contributions to their superannuation.

Unfortunately superannuation rules today limit pre-retirement planning, meaning you need to think about retirement planning earlier if you want to maximise the amount of funds you have in super.

arcinvest can help you in superannuation and retirement planning, including providing advice on picking the right super fund, developing and managing your fund, and ensuring you are benefiting from tax benefits. Allan Hanson is a fully certified practitioner and principal of **arcinvest**.

Book a complimentary consultation to get started on your retirement planning journey.

(07) 3398 4888
allan@arcinvest.com.au

www.arcinvest.com.au

177A Bennetts Rd, Norman Park, QLD 4170