

ADDED VALUE THROUGH  
IDEAS AND INSIGHT



## WHAT'S NEW IN CONTRIBUTIONS?

### Concessional (before tax) contributions

From 1 July 2017 everyone's concessional contributions cap is \$25,000 pa.

### No more 10% rule!

Previously you had to be self employed (less than 10% of your income coming from wages/salary) to be eligible for personal concessional contributions. From 1 July 2017 this has been removed, providing greater flexibility for those wanting to maximise their contributions.

### Non-concessional (after tax) contributions and the bring-forward rule

From 1 July 2017 the annual non-concessional contributions cap has dropped to \$100,000 per annum.

Eligibility is assessed based on your age and your total superannuation balance at 30 June each year.

Your total superannuation balance is the aggregated value of **ALL** your superannuation interests (both pension and accumulation interests).

Superannuation Balance (30 June of the preceding year)	Contribution and bring forward available (those under 65)	Contribution and bring forward available (those over 65)
Less than \$1.3 million	3 years (\$300,000)	1 year (\$100,000)
\$1.3 - <\$1.4 million	3 years (\$300,000)	1 year (\$100,000)
\$1.4 - <\$1.5 million	2 years (\$200,000)	1 year (\$100,000)
\$1.5 - <\$1.6 million	1 year (\$100,000)	1 year (\$100,000)
\$1.6 million	Nil	Nil

### People Over 65 Years

People aged over the age of 65 years will be required to meet a work test before making any contributions to superannuation. The work test requires a person work at least forty hours over a consecutive 30 day period.

## CASE STUDY 1

Harry is 57 years old and had \$1.35 million in his SMSF in accumulation phase on 30 June 2017.

In August 2017, Harry received an inheritance and decided to contribute \$210,000 into his SMSF. Under the new NCC cap rules, he can make this contribution into his SMSF as he is under 65 and had less than \$1.4 million in superannuation at 30 June of the preceding year.

At 30 June 2018 his superannuation balance had grown to \$1.65 million. His non-concessional contributions cap for the 2018/19 year was \$NIL as he was over the Total Superannuation Balance threshold that year.

At 30 June 2019 his superannuation balance had dropped to \$1.5 million. His non-concessional contributions cap for the 2019/20 year was \$90,000 as he had already used \$210,000 of his \$300,000 cap within the two preceding financial years.





## Downsizer Contributions

A new initiative introduced in the 2017 budget allows certain people to contribute some of the proceeds from their sale of their main residence from 1 July 2018.

To be eligible for this, you must:

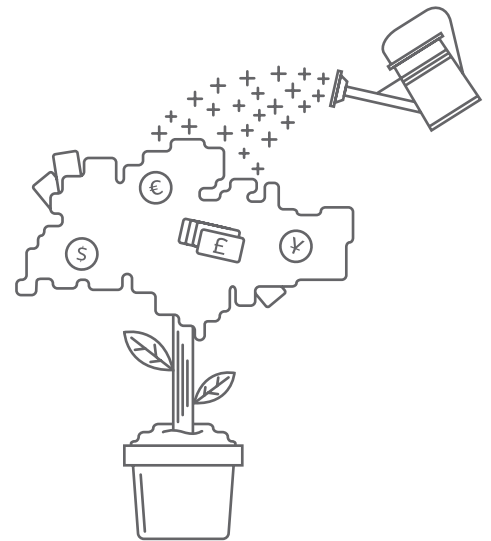
- Be over 65 at the time of making the contribution
- Have owned the property for at least 10 years prior to sale
- Make the contribution within 90 days of receiving the proceeds

The amount that can be contributed is the lower of \$300,000 or the total proceeds received.

The real benefit to this is that it is not really a contribution, and therefore does not count towards the contribution caps. It can be made even if your total superannuation balance is more than \$1.6 million – but it may impact your ability to make future non-concessional contributions as it will be included in your total superannuation balance once made.

Interestingly, the eligibility requirements don't require you to downsize your home at all. You can purchase a bigger home, or not purchase a new one at all.

**The eligibility requirements don't require you to downsize your home at all.**



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