

BRAY & ASSOCIATES

CHARTERED ACCOUNTANTS

A.B.N 65 612 294 069

Level 2, 23-25 O'Connell Street, Sydney 2000
PO Box R238 Royal Exchange, Sydney 1225
Telephone: (02) 9233 4833 Facsimile: (02) 9233 4844
Email: mail@bray.com.au

399-405 Bong Bong Street, Bowral 2576
PO Box 1883, Bowral 2576
Telephone: (02) 4862 4866 Facsimile: (02) 4861 2400
Email: mail@bray.com.au

Superannuation Bulletin

Please read this update
and contact this office
if you have any queries

September 2017

Is your superannuation balance approaching \$1.6 million?

Individuals under 65 years of age (and also some aged between 65 and 75 depending upon their circumstances) may make non-concessional (undeducted) contributions to their superannuation fund, but only if their total superannuation balance on the previous 30 June was **less than \$1.6 million**.

From 1 July 2017, these contributions are limited to \$100,000 per year, or a three year prepayment of up to \$300,000, depending upon your age and the amount of your non-concessional contributions made in the preceding two years.

Timing is critical and errors may be costly. Please seek advice from your usual financial adviser to ensure that you are making the most of your superannuation opportunities.

Catch-up concessional contributions

If your total superannuation balance is less than \$500,000 on 1 July 2018 you may be allowed to make additional concessional (deductible) superannuation contributions – provided your total employer and personal concessional contributions do not exceed the annual cap amount (currently \$25,000).

After 1 July 2018, the catch-up amounts can be accumulated for up to five years – a planning opportunity for years in which cashflow and taxable income support a larger concessional contribution.

If this applies to you please seek advice from your usual financial adviser or our Authorised Representative of the SMSF Advisers Network.

Superannuation pension payment or lump sum?

Did your total superannuation balance exceed \$1.6 million at 30 June 2017? Did you “partially commute” your pension so that you now have both a pension balance and an accumulation balance with your Fund?

This will generally mean that the minimum amount of your superannuation pension will reduce for the 2017/2018 year and beyond.

Many commentators are recommending that, if you want to withdraw more than your new minimum pension amount, you should structure it as a lump sum from your accumulation account. This will help to preserve the balance in your pension account.

Administration point: you should be able to identify which withdrawals are payments from your pension account and which are lump sums from your accumulation account.

If this applies to you please seek advice from your usual financial adviser or our Authorised Representative of the SMSF Advisers Network.

This bulletin has been prepared for the purposes of general information only. It should not be interpreted as specific advice or for formulating decisions under any circumstances.

Bray & Associates Pty Limited

ABN: 65 612 294 069

Ph: 02 9233 4833 (Sydney)
02 4862 4866 (Bowral)

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