



# 2019 YEAR END SUPERANNUATION PLANNING GUIDE

## Contribution caps

Contribution caps limit the amount that can be contributed to superannuation for a member each financial year.

Non-concessional (after tax) contributions are limited to \$100,000 for the 2019 financial year and concessional (before tax) contributions are limited to \$25,000.

Members under 65 years of age have the option of contributing up to \$300,000 over a three-year period depending on their total super balance (TSB). The ability to do this begins phasing out once the member has a TSB of over \$1.4 million. No non-concessional contributions can be made if TSB is greater than \$1.6 million. Transitional arrangements also apply to individuals who brought forward their non-concessional contribution caps in the 2016-17 financial year.

If making large superannuation contributions care should be taken to ensure you do not exceed the contribution caps as this may result in extra fees and taxes.

Contributions are included in a financial year if they are received in your fund's bank account by 30 June. With 30 June falling on a Sunday this year, it would be prudent to make your contributions early to ensure they are received by your fund prior to the end of the financial year. When paying a contribution via a clearing house, the contribution is not deemed to have been "made" until it is received by the superannuation fund. Payment to the clearing house in itself is not sufficient therefore extra time may need to be factored in to ensure this occurs prior to 30 June.

## Carry-forward concessional contributions of unused caps over five years

From 1 July 2018, members are now able to make 'carry-forward' concessional super contributions if they have a total superannuation balance of less than \$500,000. They will be able to access their unused concessional contributions cap space on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire.

The first year in which you can access unused concessional contributions is the 2019–20 financial year.

## Drawing superannuation pensions

If you are in pension phase, you need to ensure the minimum pension has been paid to you for this financial year. Where these requirements have not been met your fund will be subject to 15% tax on the earnings of your pension investments, rather than those earnings being tax free.

## Drawing superannuation lump sums

Once you reach 60 years of age all lump sums from superannuation are tax free. However, before age 60 any lump sums that include a taxable component can be taxable. The taxable component includes the tax deductible contributions plus any income that has accumulated on your superannuation benefit. For the year ending 30 June 2019, no tax is payable on taxable amounts of up to \$205,000, in total, you receive prior to age 60.

Since the introduction of Transfer Balance Cap, there also may be opportunities for the use of partial commutations/ lump sums from pension accounts for those that are withdrawing greater than their minimum pension.

If you are eligible to draw amounts from superannuation you may like to defer receiving the amount until after reaching the age of 60 or until a later financial year when you may end up paying a lower rate of tax.

## \$1.6 million transfer balance cap (TBC)

Effective 1 July 2017, the Government introduced a \$1.6 million cap on the total amount that can be transferred into the tax free retirement phase for account-based pensions.

The general transfer balance cap will be indexed in \$100,000 increments in line with CPI. Indexation will be applied proportionally where a member is a retirement phase income stream recipient, but has not at any time met or exceeded their cap.

## Personal superannuation contributions

Most people regardless of their employment arrangement, can claim a deduction for personal super contributions they make to their fund until they turn 75.

Individuals who are aged between 65 and 75 will need to meet the work test to be eligible to claim the deduction.

If you wish to claim a tax deduction for personal contributions, you must complete and lodge a notice of intent with your fund and have this notice acknowledged (in writing) by your fund. Any contribution also needs to be received by your fund before June 30.

## Co-contributions

If you meet the relevant work tests and earn less than \$52,697, it is also worth considering if you can take advantage of the Government super co-contribution.

## SMSF fund expenses

For members in the accumulation phase, it is important that any expenses are actually incurred or paid before 30 June to be deductible in the current financial year.

## Transfer Balance Account Reporting (TBAR)

Funds that were paying a pension during 2018-19 may need to complete and lodge a Transfer Balance Account report with the ATO. The date that you are required to lodge the report depends on the size of your superannuation balance.

## How can we help?

If you have any questions, require assistance or would like further clarification with any aspect of your end of year superannuation tax planning, please contact our Superannuation Partner, Clive Todd on to discuss your particular requirements in more detail.

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## Glossary of Superannuation Terms

**CC** – Concessional Contributions: Employer and personal contributions that are claimed as a tax deduction.

**NCC** – Non-Concessional Contributions: Personal contributions for which no tax deduction is claimed.

**TBC** – Transfer Balance Cap: Limit from 1 July 2017 on the total amount of superannuation that can be transferred into retirement (or pension) phase. Currently \$1.6 million.

**TSB** – Total Superannuation Balance: The value of total superannuation interests on a given date. Used to work out eligibility to make certain contributions.

**TBA** – Transfer Balance Account: an account maintained by the Australian Taxation Office that tracks superannuation that moves in and out of retirement phase so that Transfer Balance Cap and Total Superannuation Balance amounts can be monitored.

**TBAR** – Transfer Balance Account Report: Report that advises ATO on Transfer Balance Account movements.

\* This is not a recommendation to make a financial investment, but a reflection of the tax attributes of such and accordingly should not be regarded as financial advice. Always seek professional advice from an AFS license holder before investing in any financial products.

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