

SOMETIMES CHANGE IS FOR THE BETTER

It is not uncommon for superannuation legislation to change, in fact, the words 'superannuation' and 'consistent' are rarely heard in the same sentence. While these changes are almost routine at this point, surprisingly, all the changes that took place from 1 July are to the benefit of superannuation members.

Even though the changes do not add additional limitations and restrictions to contributions, they ultimately result in more complexities, as expected when long held rules are changed.

The one simplification factor is that aside from the small business CGT concession cap, there was no contribution indexing on 1 July 2022.

What has changed from 1 July 2022?

The following provides a guide to a few notable contribution changes:

Contribution type	2021 - 2022	2022 - 2023
Non-concessional	Under age 67, or age 67 to 74 and satisfy the work test or work test exemption	Under age 75
Salary sacrifice		
Small business CGT concessions		
Personal injury contributions		
Personal concessional		Under age 67, or age 67 to 74 and satisfy the work test or work test exemption
Downsizer	Age 65+	Age 60+
Super Guarantee rate	10%	10.5%

How much can you contribute?

Regardless of the year a contribution is made, two questions must be asked before the contribution – firstly, are you eligible to contribute? Then, if so, how much?

Often the answer is not straightforward and requires the consideration of various factors, such as:

- Contribution caps
- Age
- Work status for the current and previous year

- Total Super Balance
- Previous contributions

Despite penalties for excess contributions being mild these days and essentially just a reversal of the transaction, it is best avoided to minimise the administrative hassle and opportunity cost. Therefore, seeking professional advice before making contributions is highly recommended.

From 1 July 2022, super funds are no longer required to administer the work test before they accept a member's contribution. Nonetheless, the work test is still required for personal concessional contributions where a tax deduction is claimed. In this case, the work test rule applies, but compliance with the test is now declared during the tax return process and monitored by the ATO, not at the fund level.

Concessional cap – carry forward

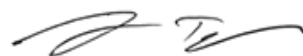
Although the concessional cap has not been indexed, remaining at \$27,500, the unused portion balance has increased with the passing of another year.

Those with a total superannuation balance of under \$500,000 on 30 June 2022, will be able to make concessional contributions of \$130,000 less all concessional contributions since 1 July 2018. MyGov is the best way to check the previous year's contributions.

If the cap was exceeded in previous years, the excess does not count towards the \$130,000 as the excess system will handle the overcontribution. Only contributions within the cap are considered.

Get in touch

It is standard practice to conduct an end of year review to ensure everything is in order before 30 June, however a start of financial year review is just as important. New legislation can drastically change retirement strategies for the new financial year. If you would like to discuss the changes further, please contact your Bell Potter adviser.



Jeremy Tyzack

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Bell Potter's technical financial advice team can put together a strategy designed to help you achieve your retirement objectives.

Working with you and your Bell Potter Adviser, we can help with most financial aspects of retirement, including:

- Identifying your financial goals
- Structuring your existing assets appropriately
- Identifying your approach to investment and your appetite for risk, and
- Reviewing your current superannuation arrangements.

To create a tailored investment plan based on your needs and objectives call your adviser or 1300 0 BELLS (1300 0 23357).

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