

# FEDERAL BUDGET – WHAT YOU MAY HAVE MISSED

Despite speculation about potential changes to superannuation, including capping super balances at \$5 million, last month's federal budget was relatively subdued.

There were, however, multiple changes that superannuation members and retirees should know and understand. Last month we provided a quick snapshot of the relevant changes. In this newsletter, we delve into more detail on the proposals most applicable to our readers.

## Downsizer contributions

The minimum eligibility age for downsizer contributions will be reduced further from age 60 to age 55. The Bill, currently before Parliament, is expected to take effect from the start of the first quarter after the legislation has passed. As the downsizer contribution is in addition to the non-concessional caps, an individual aged 55-74 could contribute \$630,000 in a single year by maximising both the downsizer and non-concessional bring-forward cap. Therefore, a couple could contribute up to \$1.26m and possibly more after considering concessional contributions.

If \$300,000 or less is to be contributed per member, consideration may be given to only using the bring-forward rule. This will allow the use of the downsizer contribution in future if the member is eligible as the downsizer rule can be used only once but there is no upper age limit which provides additional flexibility.

## Further incentives to sell the principal residence

Individuals receiving an Age Pension often contemplate how sales proceeds from selling their principal home will impact their pension eligibility. If the intention is to buy a new home, the

portion of the sale proceeds used for the new purchase will be exempt under the assets test for up to 12 months. The budget proposed to extend this period to 24 months, with an additional 12-month extension available in extenuating circumstances.

Additionally, during the asset test exemption period, the lower deeming rate of 0.25% will be applied to the principal home sale proceeds.

Legislation implementing this measure is currently before Parliament.

## Pensioner work bonus

The work bonus increases the amount an eligible pensioner can earn from work before it affects their pension rate. The fortnightly work bonus is \$300.

The Work Bonus income bank accrues any unused part of the \$300 fortnightly work bonus exemption amount. Previously announced and reiterated in the budget, the Work Bonus income bank will receive a one-off \$4,000 credit, which allows a pensioner to earn from \$7,800 to \$11,800 in 2022-23 before their pension is affected.

The proposal is currently before Parliament and if passed, will come into effect from 1 December 2022 to 30 June 2023.

## Commonwealth Seniors Health Card

Effective from 4 November 2022, the income threshold for the Commonwealth Seniors Health Card will increase as follows:

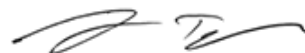
- i. from \$61,284 to \$90,000 for singles
- ii. from \$98,054 to \$144,000 (combined) for couples

As the card is only income tested and the applicant's asset values are

irrelevant, the card is already widely held amongst self-funded retirees. The significant increase in the income thresholds combined with social security deeming rates frozen at current levels for a further two years (until 30 June 2024) will assist more retirees with their eligibility.

## Get in touch

If you would like to discuss further, please contact your adviser who can put you in touch with a member of Bell Potter's Technical Financial Advice team.



## Jeremy Tyzack

Head of Technical Financial Advice  
Bell Potter Securities

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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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