ADVICE OPPORTUNITIES FOR THE 2026 FINANCIAL YEAR

It is not uncommon for superannuation legislation to change; in fact, the words 'superannuation' and 'consistent' are rarely heard in the same sentence, and this year is no exception. With another 30 June come and gone, it is time to review the year ahead and the changes and opportunities that may arise.

Division 296 – additional tax on superannuation balances over $3 million

As widely discussed following the Federal election, the Division 296 proposal seeks to limit tax concessions on superannuation balances exceeding $3 million by introducing an additional 15% tax on the unrealised earnings of those balances. The $3 million threshold is not indexed and applies per member.

The legislation was expected to be reintroduced during the July 2025 parliamentary sitting period, but this did not happen. The Government has reaffirmed its commitment to the measure; the next opportunity to reintroduce the Bill will be between 25 August and 4 September.

In the meantime, it's worth keeping the following in mind:

1. No immediate action is required. Even if the legislation is backdated to 1 July 2025, the additional tax will only apply to individuals with a total super balance (TSB) over $3 million as at 30 June 2026.
2. Superannuation remains tax-effective, even for large balances, particularly for those on the highest marginal tax rate.
3. Education is essential. Misinformation around this proposal is widespread. Anyone concerned about potential impacts should seek professional advice.

Centrelink deeming rates

The Centrelink deeming rate freeze officially ended on 30 June 2025, but uncertainty remains due to the absence of any formal Government announcement regarding future adjustments.

Centrelink uses deeming rates to estimate the income generated from financial assets, regardless of the actual returns. These rates are crucial in assessing eligibility for income-tested payments, including the Age Pension and the Commonwealth Seniors Health Card. Since 2020, deeming rates have remained at historically low levels: 0.25% for amounts up to the lower threshold and 2.25% for amounts exceeding the threshold.

With the freeze lifted, the Government now has the discretion to adjust deeming rates to reflect current economic conditions. Since interest rates have risen significantly since 2022, an increase in deeming rates is a strong possibility. If this happens, it can reduce entitlements for many Centrelink recipients, particularly part-pensioners and self-funded retirees.

It's worth noting that deeming rates are set by the Minister for Social Services via a legislative instrument, meaning changes can be made without requiring approval from Parliament.

Superannuation Guarantee increase to 12%

Effective 1 July 2025, the superannuation guarantee (SG) rate has increased from 11.5% to 12%. This change could affect concessional contribution strategies, making it essential to review contribution levels to ensure they do not unintentionally exceed the current concessional cap of $30,000.

Additionally, the maximum contribution base, which limits SG obligations for high-income earners, has been reduced from $65,070 to $62,500 per quarter. This adjustment reflects the higher SG rate and may affect employer contributions for those earning above the threshold.

Notice of intent (NOI) for personal concessional contributions

An NOI is a formal declaration submitted to your superannuation fund, indicating your intention to claim a tax deduction for personal contributions made during the financial year. Once received, the fund assesses the deductible portion of your contributions and applies the appropriate tax treatment. Upon processing, the fund issues a formal acknowledgement – an essential document when lodging your tax return.

A common mistake is failing to lodge the NOI within the required timeframe. This must be done by the earlier of:

- The date your tax return is lodged for the financial year in which the contribution was made.
- 30 June of the financial year following the year the contribution was made.

If you've made contributions exceeding the superannuation guarantee during the 2024–25 financial year, consider whether part of this amount should be claimed as a concessional contribution, and ensure a NOI is submitted accordingly.

Carry-forward concessional contributions

The ability to contribute beyond the standard concessional cap of $30,000 by utilising unused cap amounts from the past five financial years is a powerful yet often underutilised strategy for building superannuation in a tax-effective way. To be eligible, your total super balance (TSB) must be under $500,000 as at 30 June 2025.

Unused concessional cap amounts from the 2020–21 financial year will expire if not used by 30 June 2026. Where a TSB is expected to reach or exceed $500,000 by that date, the 2025–26 financial year may represent their final opportunity to take advantage of any remaining catch-up contributions from prior years.

Maximise non-concessional contributions

A common strategy to maximise non-concessional contributions is to contribute up to the annual cap in one financial year, then trigger the three-year bring-forward rule in the following year. For example, a contribution of $120,000 can be made during the 2024–25 financial year and $360,000 could be contributed in the 2025–26 financial year under the bring-forward provisions.

This approach may offer an additional advantage due to potential indexation. The Australian Bureau of Statistics (ABS) is expected to release Average Weekly Ordinary Time Earnings (AWOTE) data on 26 February 2026, which will determine whether the non-concessional cap increases to $130,000 for the 2026–27 financial year. If indexation occurs, delaying the use of the bring-forward rule until 1 July 2026 could allow for a higher contribution.

Opportunities created by the indexed transfer balance cap

As of 1 July 2025, the general transfer balance cap (TBC) has increased from $1.9 million to $2 million. While individuals who have already fully utilised their personal TBC will not benefit from this indexation, those who have not commenced an account-based pension or have only partially used their cap may now have the opportunity to transfer additional amounts into the retirement phase.

Learn more

If you have any questions or would like to discuss how these changes may apply to your circumstances, please contact your Bell Potter adviser.

Jeremy Tyzack

Head of Technical Financial Advice
Bell Potter Securities

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

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