

# Federal Budget 2017/18



# Benefits of TelstraSuper



## Security of Australia's largest corporate fund

- \$18 billion invested
- 100,000 members
- Not for profit
- Over 25 years' experience



## All your super in one account

Locate and combine your other super accounts into your TelstraSuper account.



## Your fund for life

You can stay as a TelstraSuper member even if you change jobs and your eligible family members can join too!



## Strong investment performance

Our consistently strong investment returns ensure your super continues to grow over the long term.



## Multi award winning fund

2015 SuperRatings\*  
Fund of the year

2015, 2014 & 2012  
SuperRatings\*  
Super of the year



## Comprehensive insurance cover

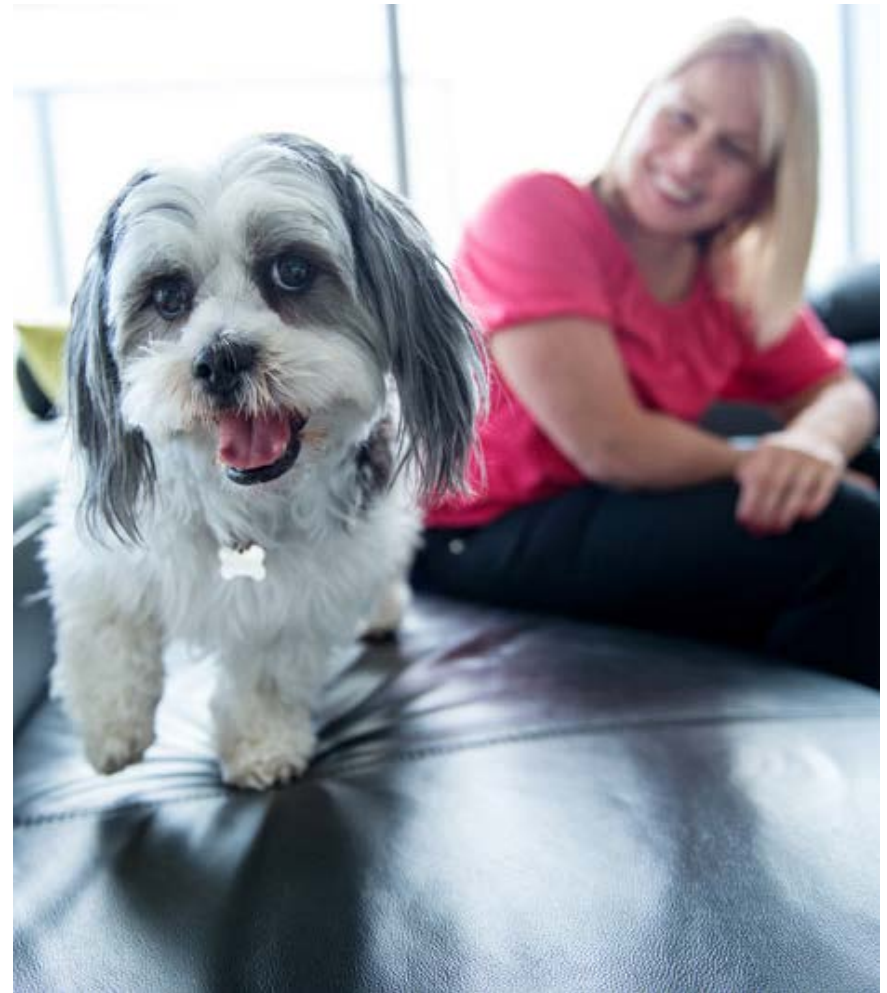
Enjoy the security of automatic income protection cover and employer-paid base death and disability insurance.

# Important Notice

Any advice in this presentation has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions.

If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.

Any information about taxation in this presentation is factual information or general advice only and does not consider the application or interpretation of any taxation laws to your personal circumstances. If you require taxation advice you should seek advice from a registered tax agent or a registered tax (financial) adviser.



# Agenda



Summary of 2017/18 Federal Budget proposals



2017/18 Federal Budget proposals



Legislative update



TelstraSuper assistance



What is the impact?



Questions



What do you need to do?

# Summary of 2017/18 Federal Budget – super proposals





# Summary of the 2017/18 Federal Budget – super proposals



## Changes to contributing to super

- Ability to downsize the family home and contribute to super after age 65
- First home super saver scheme



## Other changes to super

- Tax integrity changes
  - Self Managed Super Funds
- Super fund mergers
  - tax relief extended

# Upcoming Legislative changes



# Summary of the changes from the 1<sup>st</sup> of July 2017



## Changes to contributing to super

- A reduction in the contribution limits
- \$1.6 million balance restriction on contributing
- Tax deductions allowable for contributions to super
- Increased eligibility for spouse contribution tax offset
- Low Income Superannuation Tax Offset
- Increase in contributions tax for high income earners

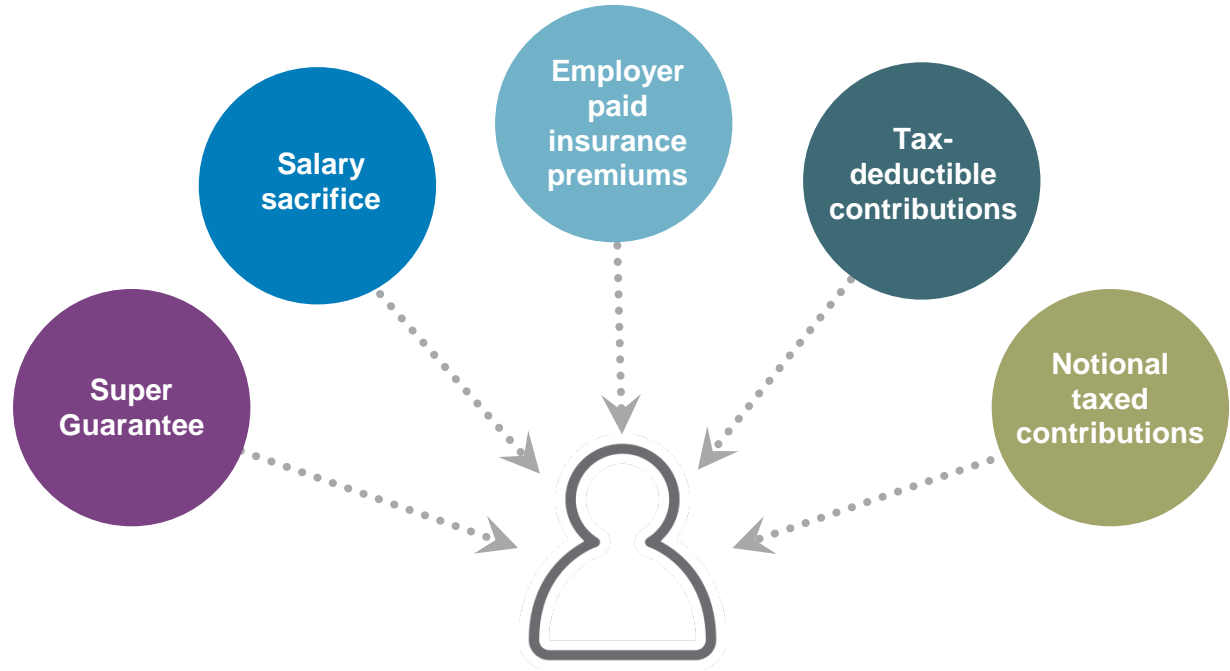


## Other changes to super

- \$1.6 million pension transfer balance cap
- Earnings tax levied on transition to retirement pensions
- Abolition of anti-detriment payments
- Increase in the Age Pension age



# Pre-tax contributions (concessional)



<b>Contribution Caps (effective from 1 July 2017)</b>
\$25,000 p.a.
Rolling 5 year catch-up provision <\$500k balance from 1 July 2018

# Impact of pre-tax contribution changes

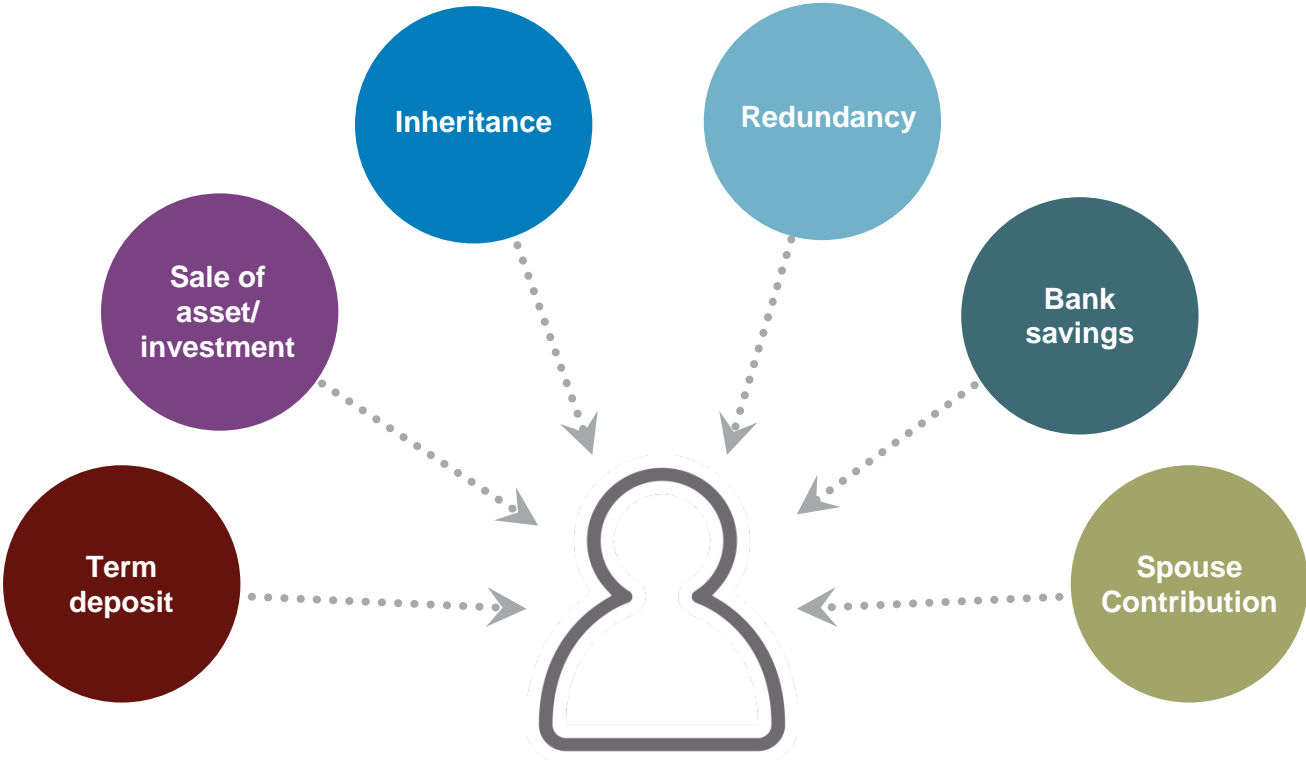
## Opportunity

- Consider utilising the post-tax contribution cap
- Potential to contribute up to \$25k and claim a tax deduction
- Contribution splitting to maintain balance below \$500k

## Consideration

- Reduce pre-tax contributions to below \$25k per annum
- Start early
- Employer paid insurance premiums (which count towards the cap)
- Telstra generally pays 10% SGC
- Aged 65-74 can only make pre-tax contributions if working
- Defined Benefit *Notional Taxed Contributions* grandfathering **may** apply

# Post-tax contribution (non-concessional)



Current	Effective 1 July 2017**
\$180,000 p.a. cap	\$100,000 p.a. cap < \$1.6 million balance
\$540,000 over 3 year period	\$300,000 over 3 year period <\$1.6 million balance
\$180,000 p.a. cap 65 and over*	\$100,000 p.a. cap 65 and over*

\* Must satisfy work test if aged 65 and over

# Impact of post-tax contribution changes

## Opportunity

- Opportunity to contribute up to the current caps prior to 1<sup>st</sup> of July 2017
  - With a balance in excess of \$1.6 million
  - Contribute to current bring forward provisions
- Contribution splitting to maintain a balance below \$1.6 million
- Maximise contributions to bring balance to \$1.6 million
- CSS Pension implications plus other super accounts held
- Individual cap therefore opportunity for a couple to contribute up to combined \$1,080,000

## Consideration

- Age
  - Under 65
  - Aged 65-74 (work test)
- Previous contributions
  - Bring forward rule previously triggered (transitional arrangements will apply)
- Preservation of funds

# Changes to spouse contribution



**You**

**Contribute** up to **\$3,000**



**Spouse super**

if they earn up to **\$40,000\***



**Tax offset**

of **\$540** or **18%** of \$3,000 contributed

\* A partial offset is available if your spouse's income is over \$37,000 but less than \$40,000 p.a.



# Low income super tax offset (LISTO)



**You**

**Income** of less than **\$37,000**



**Pre-Tax contributions**

up to **\$3,333\***



**Tax offset**

Maximum refund up to **\$500**

\* Pre-tax contributions up to \$3,333 will have the 15% Contributions tax refunded.

# Impact for low income earners

## Opportunity

- Ability for low income earners and their spouses to strategically maximise contributions to super
  - Co-contribution
  - Spouse contribution
  - LISTO

## Consideration

- Balance equalisation for low balance partners
  - Contribution splitting
  - Contributing post-tax
- Contribution eligibility
  - Aged 65-74 must satisfy work test
- Spouse preservation age



# Pre-tax contribution splitting



Up to **85% of your pre-tax contributions** to super can be **split into your spouse's super**

2016 / 2017  
FY

15%  
tax

Your pre-tax contributions

Rollover

2017 / 2018  
FY

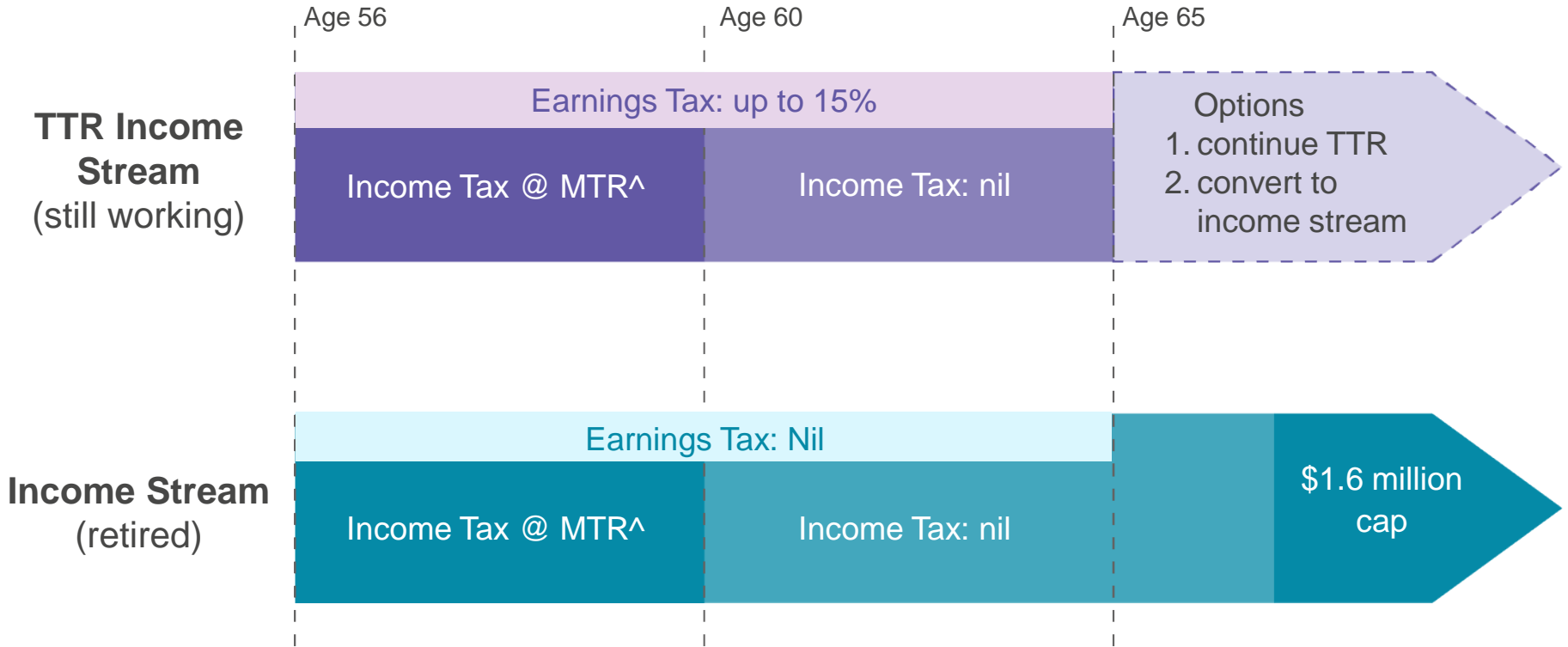
Spouse's super account

# Transition to Retirement



# Retirement Income

## Changes from 1<sup>st</sup> July



<sup>^</sup> Up to 47% plus Medicare levy



# Transition to Retirement

## Opportunity

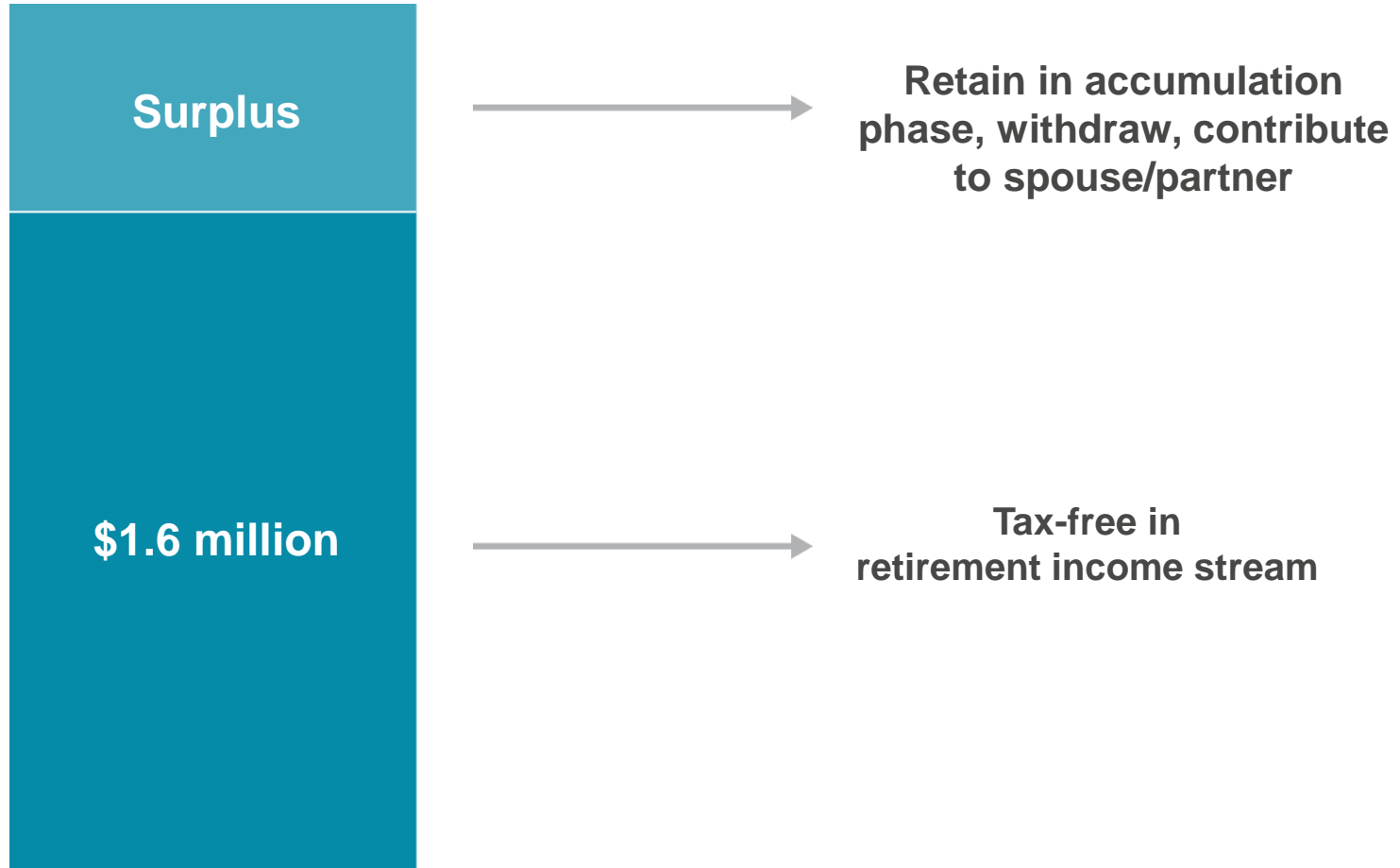
- Retain TTR for
  - salary sacrifice strategy
  - genuine transitioning to retirement
- Transfer TTR to retirement pension
  - Retain tax-free status <\$1.6 million
- Ability to drawdown and re-contribute to a spouse

## Consideration

- Aged under 60
  - Value is diminished
- 60 or over revise TTR strategy
  - changes to salary sacrifice caps
  - % drawdown
- Transfer to retirement pension
  - Permanently retired from the workforce
  - Reached age 65



# \$1.6 million transfer balance cap



# \$1.6 million transfer balance cap

## Opportunity

- Withdraw surplus and contribute to a lower balance partner
- Retain surplus in concessional tax environment

## Consideration

- Drawdown % from pension environment
  - How much to withdraw from pension vs. accumulation
  - Maximise tax-free investment earnings
- Transitional arrangements for \$1.6 - \$1.7 million
- CSS Pension implications plus other super accounts held
- Withdrawal
  - Satisfying a condition of release
  - Investment outside of super
  - Tax on investments outside of super
- Contribution to a partner
  - Under 65
  - Aged 65-74 (work test)
  - Bring forward rule previously triggered (transitional arrangements will apply)



# Age Pension age increases



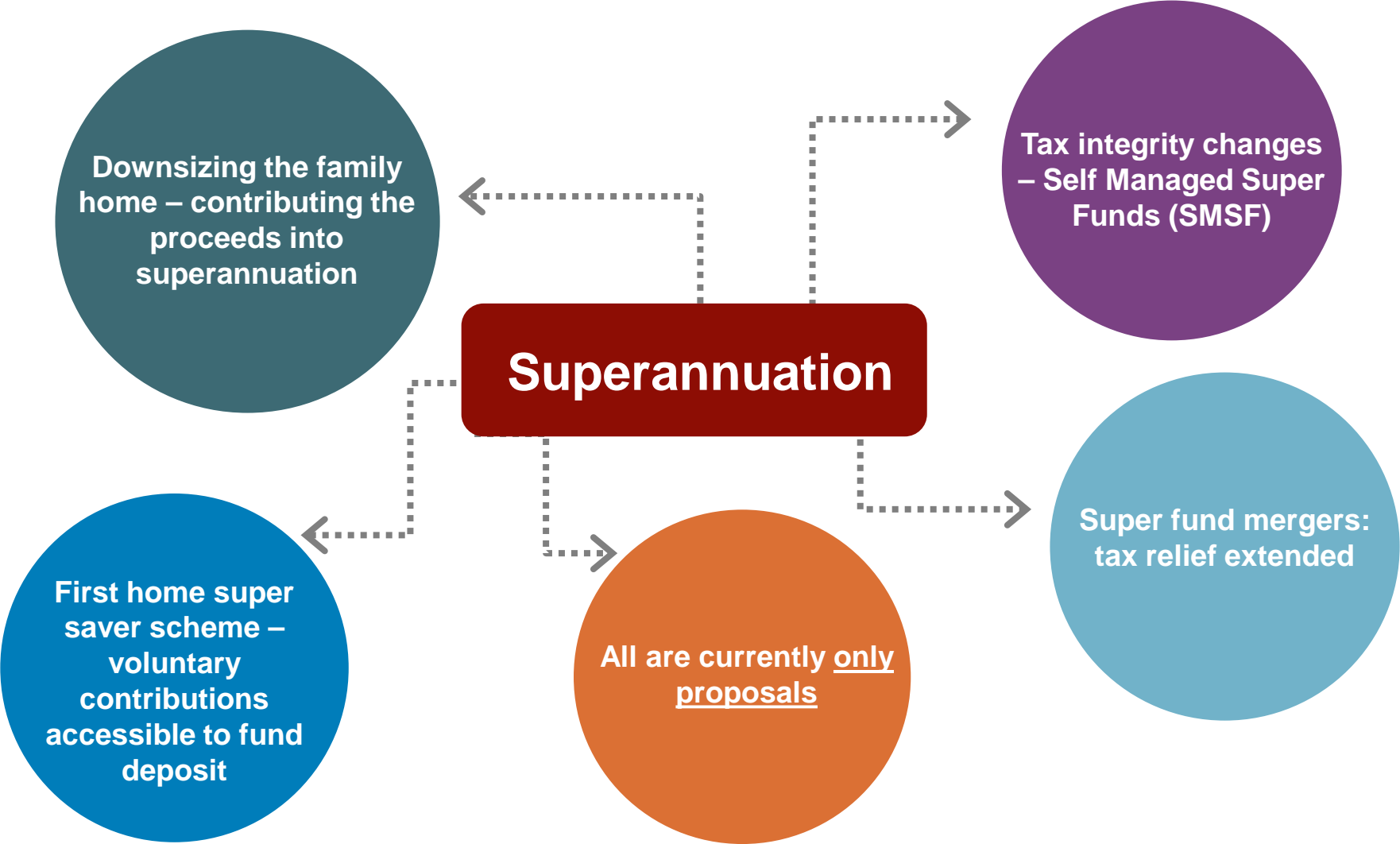
Date of birth	Age pension age	Commencing
1 January 1949 to 30 June 1952	65	Current
1 July 1952 to 31 December 1953	65.5	1 July 2017
1 January 1954 to 30 June 1955	66	1 July 2019
1 July 1955 to 31 December 1956	66.5	1 July 2021
From 1 January 1957	67	1 July 2023

# 2017/18 Federal Budget proposals





# 2017 Federal Budget – proposals



## Downsizing the family home

- From 1 July 2018
- Over age 65
- Non-concessional contribution up to \$300,000\*
- No work test or balance restrictions

## First home super saver scheme

- Contributions made from 1 July 2017
- Up to \$15,000 per year
- Maximum \$30,000 total per person
- Withdrawals allowed from 1 July 2018

\*from the proceeds of selling the family home from 1 July 2018.

# 2017 Federal Budget proposals - other



## Social Security

- Reinstatement of pensioner concession card
- Increase in Liquid Assets Waiting Period from 13 weeks to 26 weeks from 20 September 2018
- Working age payments reform



## Taxation

- An increase in the Medicare levy from 2% to 2.5% from 1 July 2019
- Increasing the Medicare levy low-income thresholds
- Small business capital gains tax (CGT) retirement concessions refined
- Introduction of a major banking levy from 1 July 2017

# TelstraSuper assistance



Simple advice options	
General and limited one-off personal advice about super	 Phone
Comprehensive advice options	
Other one-off personal advice	 
	Face-to-face Video chat
Ongoing advice service	 
	Face-to-face Video chat



# What's next?



[www.telstrasuper.com.au](http://www.telstrasuper.com.au)



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Seek  
Advice

# Upcoming changes to super

An overview of the changes scheduled to be introduced on 1 July 2017

## What are the main changes to the super rules?

Upcoming changes to super

[SHOW TRANSCRIPT ▼](#)

### Next steps

- [View presentation slides](#)
- [Factsheet - Upcoming Super Changes](#)
- [Request an appointment with TelstraSuper Financial Planning](#)
- [Browse through our range of calculators](#)

### Find out more

Do you want to learn more about our super? [Register for a seminar](#) today. You can also share your feedback via our [online form](#).

## Your Super Super changes coming 1 July 2017

The Federal Government's package of superannuation reforms has been passed by Parliament. These changes were first proposed in the 2016 Federal Budget and will take effect from 1 July 2017, unless otherwise noted. These changes may have an impact on your super. This document outlines the changes that are coming and how they may affect you. More detailed information will be coming shortly.

You should consider seeking advice if any of these changes affect you. There also may be opportunities to make extra contributions before the rules change on 1 July 2017. You may be affected if you:

MAKE CONCESSIONAL (PRE-TAX) CONTRIBUTIONS	HAVE INCOME (INC. SUPER CONTRIBUTIONS)	HAVE A SUPERANNUATION BALANCE	MAKE OR PLAN TO MAKE NON-CONCESSIONAL (POST-TAX) CONTRIBUTIONS	HAVE A TRANSITION TO RETIREMENT INCOME STREAM
>\$25,000 PER YEAR	>\$200,000 PER YEAR	>\$1.6m		

**Federal Budget 2017**  
MAY 9, 2017

Legislation

SHARE [in](#) [f](#) [t](#) [v](#)

See what impact last night's Federal Budget may have on your financial future.

Last night the Federal Treasurer, Scott Morrison, announced several changes including the new role superannuation will play in addressing housing affordability issues:

# Thank you



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