

TODAY'S TOPIC

Federal Budget Update 2023

Thank you for joining us.
We will commence shortly



Meet the Speakers



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**2023/24 FEDERAL BUDGET
RECENTLY ANNOUNCED
CHANGES**



**PREVIOUSLY ANNOUNCED
CHANGES**



**HOW TELSTRASUPER
CAN ASSIST**



QUESTIONS



2023/24 FEDERAL BUDGET RECENTLY ANNOUNCED CHANGES



Tax on super balances in excess of \$3M

The Government proposes to change the concessional tax rate on earnings for super accounts with balances of more than \$3 million.

The tax rate is proposed to increase to 30% (for earnings corresponding to the proportion of an individual's total superannuation balance that is greater than \$3 million), up from 15%, from the 2025/26 financial year.

The proposed adjustment is not retrospective and does not impose a limit on the size of super account balances in the accumulation phase.



Source: [Federal Budget 2023](#) | TelstraSuper

It's important to understand that some measures are currently just proposals. Legislation would need to be passed for any of these changes to take effect.

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Businesses to pay SG at same time as wages

The government plans to mandate employers to pay the Superannuation Guarantee for their employees on the same day as their salary and wages are paid.

Currently, employers are only required to pay their employee's Superannuation Guarantee on a quarterly basis.

This is scheduled to commence effective 1 July 2026.

Source: [Federal Budget 2023 | TelstraSuper](#)



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TSB and TBC Caps



Total super balance

Includes all superannuation funds and retirement income streams

Current cap \$1.7 million until 30 June 2023

\$1.9 million effective 1 July 2023

No further post-tax (non-concessional) contributions

Example effective 1 July 2023

If the total superannuation balance across all your superannuation and retirement income streams (not just your TelstraSuper account) is equal to or greater than \$1.9 million at the end of the previous financial year. (i.e.30/06/2023)

Transfer balance cap

Maximum amount that can be transferred from superannuation accumulation funds into the tax-free retirement phase

Current cap \$1.7 million[^] until 30 June 2023

\$1.9 million[^] effective 1 July 2023

Example effective 1 July 2023

John retires at age 62 with a total super balance of \$2 million. He is able to commence a retirement income stream with up to \$1.9 million[^]. John can leave the remaining \$100,000 in his superannuation accumulation account and access this money when needed tax-free as he has retired and reached his superannuation preservation age.

[^]Every individual will have their own personal transfer balance cap of between \$1.6 and \$1.9 million, depending on their circumstances. If you start a retirement phase income stream for the first time on or after 1 July 2023, you will have a personal transfer balance cap of \$1.9 million. If you had a transfer balance account before 1 July 2023, your personal transfer balance cap may vary.

Source: [Transfer balance cap | Australian Taxation Office \(ato.gov.au\)](#) [General transfer balance cap indexation 1 July 2023 | Australian Taxation Office \(ato.gov.au\)](#)

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Contribution caps – no change



 **Pre-tax**
(concessional contributions)

Employer contributions, salary sacrifice, personal deductible contributions, insurance premiums paid by your employer

15% tax rate

Annual contribution cap **\$27,500**

Rolling 5-year catch up

If your total super balance is less than \$500,000 as at end of the previous financial year, any unused concessional contributions cap amounts can be carried forward for up to five years before they expire.

 **Post-tax**
(non-concessional contributions)

Contribution made from after-tax income and spouse contributions

0% tax on the way in

Annual contribution cap **\$110,000[^]**

Bring forward rule[^]#

If your total super balance is less than \$1.7^{***} million as at end of the previous financial year, and aged under 75 at the start of current financial year you may be able to make up to three years' worth of post-tax contributions (up to \$330,000^{**}) to super in current financial year.

* From 1 July 2022, the work test has been removed. From 1 July 2022, individuals aged between 67 to 74 are able to make or receive personal contributions and salary sacrificed contributions without meeting the work test, subject to the existing contribution caps. However, they will be required to meet the work test to claim a deduction for personal contributions. To satisfy the work test you must complete at least 40 hours of paid work in a period of not more than 30 consecutive days in the financial year in which you plan to make non-concessional contributions.

[^] Subject to the \$1.7 million total superannuation balance cap. Individuals with a total superannuation balance of \$1.48 million or more are not able to utilise the full bring forward rule in FY 22/23. See the next slide for FY 23/24.

[#] Must be under age 75 at the start of the financial year and meet other eligibility criteria.

^{**} Once you trigger the bring-forward arrangement in a year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

^{***} As per previous slide Total Super balance cap is changing to \$1.9 million from 01/07/2023.

Source: www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?page=3 | www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/

Non Concessional contributions – Bring forward rule

Effective 1 July 2023

The amount of the non-concessional contributions cap you can bring forward depends on your Total Super Balance as at end of the previous financial year.



Total Super Balance as at 30/06/2023	Available NCC Cap in 23/24	Maximum NCC Cap available
Less than \$1.68 Million	\$330,000	3 years
\$1.68 million - < \$1.79 million	\$220,000	2 years
\$1.79 million - < \$1.90 million	\$110,000	1 year
Over \$1.9 million	Nil	N/A

Once you trigger the bring-forward arrangement in a year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

TelstraSuper Financial Planning has a team of Advisers to support you with your contribution queries and can make the complex simple. You can contact us on 1300 033 166 or request an appointment with our online contact form. TelstraSuper Financial Planning Pty Ltd (TSFP) AFSL 218705 wholly owned by TelstraSuper Pty Ltd as trustee for the Telstra Superannuation Scheme (TelstraSuper).

Contributing into super at a later stage

- **Prior to 1 July 2018**, individuals aged between 65 and 74 had to meet the 'work test' to be able to make or receive non-concessional contributions into super.
- **From 1 July 2020**, the age was extended meaning individuals aged between 67 and 74 were required to meet the 'work test' before being able to make or receive non-concessional contributions to super.
- **From 1 July 2022**, the 'work test' requirement has been removed allowing individuals under age 75 to make or receive non-concessional contributions. However, individuals will still need to meet the 'work test' to be able to make personal deductible contributions.

To satisfy the work test you must complete at least 40 hours of paid work in a period of not more than 30 consecutive days in the financial year in which you plan to make concessional contributions.

All concessional and non-concessional contributions are subject to existing contribution caps





How do income stream members make a lump sum contribution into super?



There are a number of steps and considerations for making lump sum contributions into super, especially if you only hold an income stream account as lump sums cannot be made to an income stream account.

1

Confirm you are eligible to make super contributions, for example: age restrictions and contribution limits.

2

You then need to open up an Accumulation account to deposit the funds, BPay is the preferred deposit method.

3

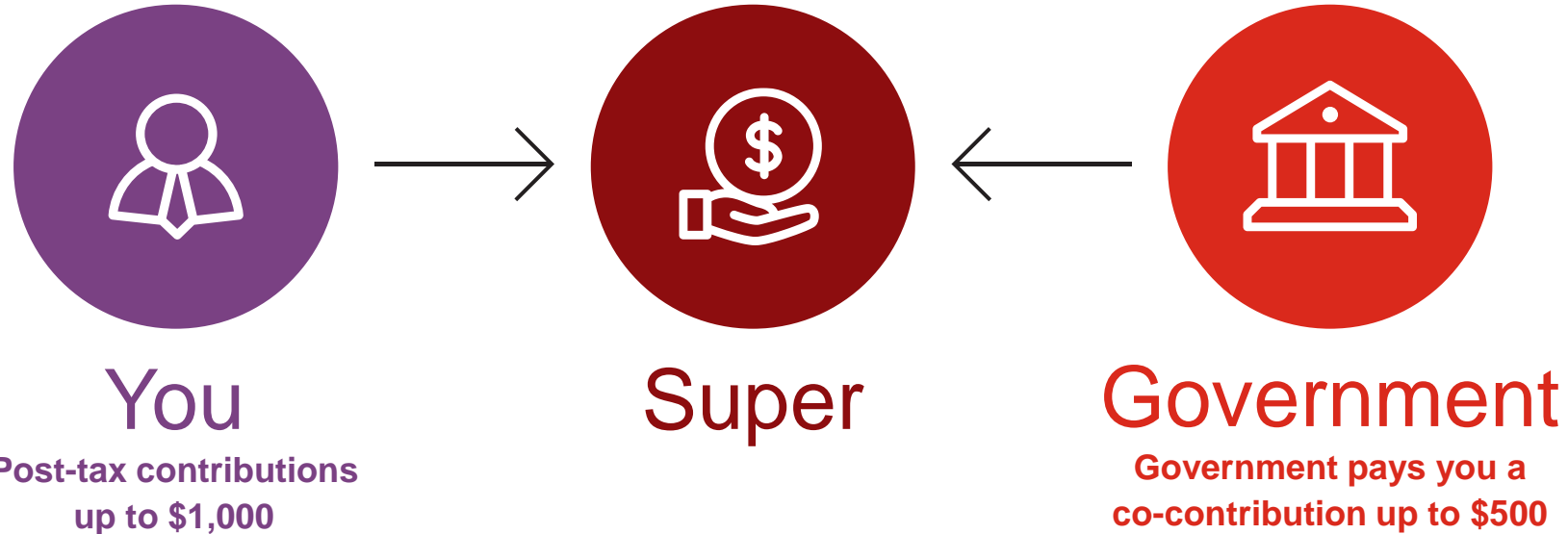
Once your deposit is processed and in your accumulation account you will then need to consider what's the right next step for you.

4

Do you keep the funds in accumulation, do you close your current income stream down and combine your funds into a brand new income stream or do you set up a second income stream with the newly deposited funds.

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Government Co-contribution threshold



Annual Income	Current \$42,016 New \$43,445	-	Current \$57,016 New \$58,445
Personal contribution of \$1,000	\$500	-	Nil

The above information is based on the 2022/23 and 2023/24 financial years. To receive the co-contribution, your total income must be less than the higher income threshold for that financial year and your personal contributions must reach your super fund by 30 June for you to receive a government co-contribution for that financial year. Other eligibility criteria apply.

Source: [Super co-contributions | Australian Taxation Office \(ato.gov.au\)](https://ato.gov.au)

Low rate cap increase



	Lump sum	Income stream	
Access (from preservation age)	Working	✗	✓
	Retired	✓	✓
	Age 65	✓	✓
Tax (from preservation age)	The first \$230,000 is tax free[^] and 17%* for any amount above the low rate cap. Low rate cap to increase to \$235,000 effective 1 July 2023		
	Aged 57 – 59		Income payments from a retirement income stream are taxable[#]
Aged 60+	Tax-free	Tax-free	

* Based on 2022/23 financial year including Medicare Levy.

[^] The above applies to taxable component taxed element only. Other tax rates may apply if your super consists of any untaxed element

[#] Taxed at marginal tax rates – tax offset of 15% is available.

Source: www.ato.gov.au/Individuals/Super/In-detail/Withdrawing-and-using-your-super/Withdrawing-your-super-and-paying-tax/?page=4#If_you_are_between_your_preservation_age_and_60__160_years_old

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Energy cost assistance

Targeted and temporary relief on power bills

One off rebate, direct reduction to energy bill
not a cash hand out.

Up to \$500 in QLD, NSW, VIC, TAS ,SA
Up to \$350 in WA, NT, ACT

Need to meet certain eligibility requirements to receive the rebate on energy bills for example hold a concession card, including health care card, pensioner concession card, commonwealth senior's health card, DVA gold card or be receiving family tax benefits

This scheme is funded by the Federal and State governments



Welfare payments

- Job Seeker payments increasing by \$40 per fortnight effective 20th September 2023.
- Parenting payments for single parents to be extended, currently ends once child turns 8 years old but will be increased until child turns 14 years old.

There may be other welfare payments that are increasing so please reach out to Centrelink for further information



Source: [Broadening opportunity](#) | Budget 2023–24

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Extension to pension work bonus

The Government proposes to extend a measure (introduced in the October 2022 Budget) that provides age and veteran pensioners a once-off credit of \$4,000 to their “Work Bonus income bank” until 31 December 2023.

Under this measure, pensioners can earn up to \$11,800 before their pension is reduced, supporting pensioners who want to work, or work more hours, to do so without losing their pension.

On 1 January 2024, the maximum income bank balance will automatically reset to \$7,800.



Source: [Delivering cost-of-living relief | Budget 2023–24](#)

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**PREVIOUSLY ANNOUNCED
CHANGES**



Superannuation Guarantee (SG) rate

Increase of superannuation guarantee contributions

Super guarantee contributions will increase from 10.5% to 11% from 1 July 2023.

Super guarantee contributions are scheduled to increase to 12% by 2025



Minimum drawdown pension rates

The temporary 50% reduction of the minimum pension drawdown rates, introduced during the Covid pandemic, will end on 30 June 2023. The government's standard minimum drawdown rates will apply from 1 July 2023

Age*	2022/23 F/Y minimum pension payment (50% reduction)	2023/24 F/Y minimum pension payment (Standard rules apply)
Under 65	2%	4%
65-74	2.5%	5%
75-79	3%	6%
80-84	3.5%	7%
85-89	4.5%	9%
90-94	5.5%	11%
95+	7%	14%

Personal tax rates and thresholds

Stage 3 tax cuts to come into effect from 1 July 2024, this has already been legislated.

Current	Tax Rate	From 1 July 2024	Tax Rate
Up to \$18,200	Nil	Up to \$18,200	Nil
\$18,201 - \$45,000	19.0%	\$18,201 - \$45,000	19.0%
\$45,001 - \$120,000	32.5%	\$45,001 - \$200,000	30.0%
\$120,001 - \$180,000	37.0%	Removed	Removed
\$180,001 and over	45.0%	\$200,001 and over	45.0%

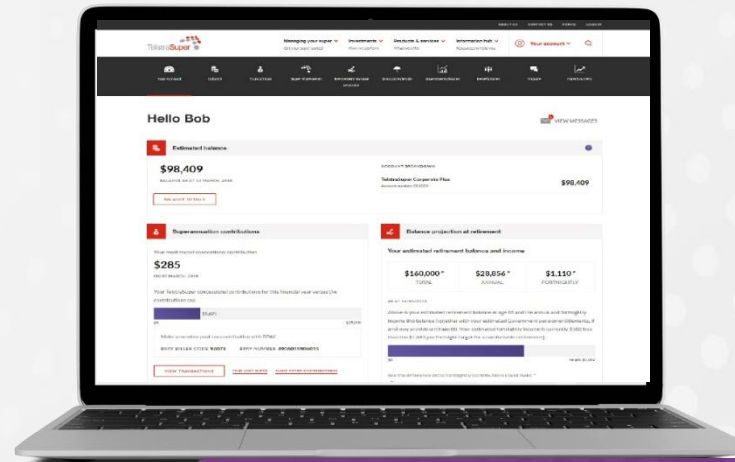


**HOW TELSTRASUPER
CAN ASSIST YOU**

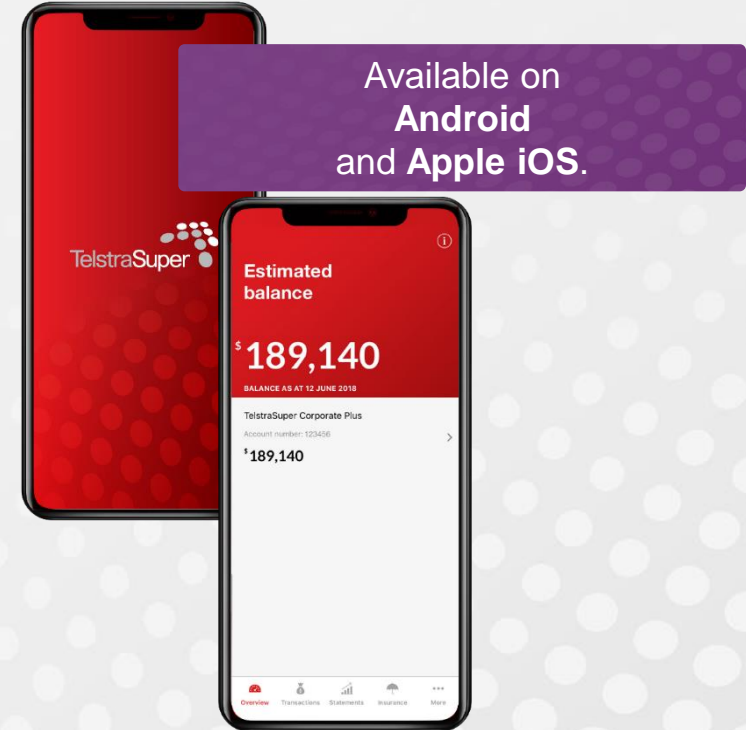


Keeping in touch with your super

- ✓ Update your email address and personal details
- ✓ Check your account balance
- ✓ Review your insurance cover
- ✓ View your nominated beneficiaries and make a non-binding nomination
- ✓ Review your investment options and investment returns
- ✓ Keep track of pre-tax contributions against the concessional contribution caps
- ✓ Review benefit statements
- ✓ View latest contributions and transactions



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Four financial advice services to empower you



SUPER *sorter*

Simple phone advice and info designed to help you maximise your super.

No additional cost to members

Included in membership



STEP *it up*

Want to take that next step with your super or finances? We'll find you a simple solution.

Low cost Options

\$450 - \$1000 per topic
(+GST if applicable)



BIG *picture it*

Let's check out your whole financial situation and make a plan.

One off fee for service

\$1000 - \$2750
(+GST if applicable)



STAY *on track*

Ongoing expert coaching on super and wealth. We'll nudge and encourage you, keeping you on track as life changes.

Annual fee for service

\$1600[^] pa or \$2100[^] pa
depending on advice
(+GST if applicable)

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Advice fees are current as at 1 April 2023.

[^]The ongoing advice service provides our clients with a review of the advice previously provided by us within the last 12 months, however if additional advice is required outside of this scope, due to changes in client's circumstances, additional costs may apply. Further information about costs are included in the client agreement

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HOW TELSTRASUPER CAN ASSIST YOU

Share the benefits



We're open to everyone



As a leading profit-to-member fund, TelstraSuper is committed to helping our members **build a financial outcome in retirement they can look forward to.**

We're now open to everyone, so your friends and family can join.



THANKS FOR YOUR TIME

We're happy to answer your questions



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