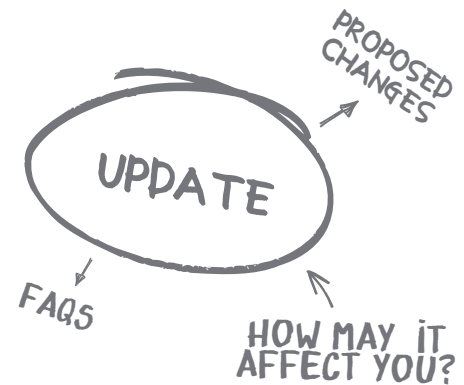


# 2016 Federal Budget Proposed changes to superannuation



This year's Federal Budget is described by Treasurer Scott Morrison as a practical and targeted economic plan, and it contains several proposed changes that could affect you and your family.

The majority of changes take effect on 1 July 2017, unless otherwise stated. It's important to note that most of these changes are proposals only and may be subject to change.

## New lifetime caps

A lifetime cap of \$500,000 has been introduced for post-tax (non-concessional) contributions. This will replace the existing cap, which allows annual non-concessional contributions of up to \$180,000 per year (or \$540,000 every three years for individuals aged under 65).

If legislated, this will take effect retrospectively from 3 May 2016 at 7:30pm (AEST) and will apply to any post-tax contributions made from 1 July 2007.

## Other changes to superannuation

- The annual cap on pre-tax (concessional) contributions such as salary sacrifice will be reduced to \$25,000. However, people with balances under \$500,000 who did not reach their caps in earlier years, will be able to make catch-up concessional contributions. This will particularly benefit those who have taken time out of their careers to have children.
- The existing 30% tax rate on pre-tax (concessional) contributions for high income earners will now affect those earning more than \$250,000 (currently \$300,000).
- The current Low Income Superannuation Scheme (LISC) for low-income earners will be replaced with a new tax offset called the Low Income Superannuation Tax Offset (LISTO).
- The existing low-income spouse tax offset threshold will be increased to \$37,000 (currently \$10,800).

## Changes impacting members in retirement

- The earnings on Transition to Retirement income streams will no longer be tax-free.
- The total amount of superannuation that can be held in the tax-free retirement phase is capped at \$1.6 million. This will apply to both current and future retirees.
- The work test, which currently applies to people making contributions over the age of 65 to 74, will be removed.

## Tax rates

The threshold at which the 37% marginal tax rate starts will increase from \$80,000 to \$87,000 per year, reducing the average tax rate for middle income earners.

## More information

For more detailed information about these changes, read our Federal Budget 2016 Q&As available on our website at [www.telstrasuper.com.au](http://www.telstrasuper.com.au) or register to attend one of our Federal Budget Update seminars being held face-to-face around Australia, and online.

As a Telstra Super member, you can also contact a Telstra Super Financial Adviser to discuss how the proposed Budget changes might affect you and your financial future. To discuss your advice needs please call **1300 033 166**.

More information is available at [www.telstrasuper.com.au/advice](http://www.telstrasuper.com.au/advice)



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