

# MORE FLEXIBLE SUPERANNUATION CHANGES

## Product and PDS Update | 11 August 2021

In June 2021, the Government passed laws which provide additional flexibility to contribute to superannuation in certain circumstances and remove the charge on excess concessional contributions.

### WHAT ARE THE CHANGES?

#### Bring-forward of non-concessional contributions (NCC) cap available to members under age 67

Applying retrospectively from 1 July 2020, bring-forward arrangements are available to members under age 67 at any time in the financial year. Previously members had to be under age 65. The bring-forward arrangements allow a member to contribute up to three times the annual NCC cap (\$100,000 for 2020/21 or \$110,000 for 2021/22) in a single financial year or over a period of up to three years. The amount that you can bring forward and the time period to do this, will depend on your total super balance at the end of 30 June of the previous financial year.

This will mean that if you are under age 67 at any time in the 2021/22 financial year, you may be eligible for the bring-forward arrangements in the 2021/22 financial year as shown in the table below:

Total super balance at 30 June 2021	Contribution cap	Bring-forward period
Less than \$1.48 million	\$330,000	3 financial years
\$1.48 million to less than \$1.59 million	\$220,000	2 financial years
\$1.59 million to less than \$1.7 million	\$110,000	1 financial year
\$1.7 million or more	Nil	Not applicable

#### Example

Julie is age 66 and turns 67 on 20 September 2021. She wants to boost her super in the next few years before retiring by making some large voluntary after-tax contributions. She has three super accounts. As at 30 June 2021, she has \$400,000 with the ABC super fund, \$600,000 with the DEF super fund and \$500,000 with the GEH super fund. Her total super balance at 30 June 2021 is \$1.5 million. Based on the above table, a bring-forward cap of \$220,000 with a two year bring-forward period applies to her.

She makes a single non-concessional contribution of \$120,000 to the DEF super fund in 2021/20. This triggers the bring-forward arrangement as it exceeds the annual non-concessional contributions cap of \$110,000 for 2021/22.

Julie can make non-concessional contributions of \$100,000 in 2022/23 without exceeding the bring-forward cap of \$220,000, provided that her total super balance at 30 June 2022 is less than \$1.7 million (i.e. the general transfer balance cap). However, if Julie's total super balance at 30 June 2022 is greater than or equal to \$1.7 million, her non-concessional contributions cap would be nil for 2022/23 and she can make no further non-concessional contributions for 2022/23.

### **COVID-19 early release amount re-contributions**

Members who received a Covid-19 early release of super payment have the option to re-contribute this amount to their super between 1 July 2021 and 30 June 2030. This amount does not count towards their non-concessional cap contributions cap.

The amount re-contributed cannot exceed the COVID-19 early release amount. Members will not be eligible to claim a personal tax deduction on this amount.

Members choosing to re-contribute must notify us in the approved form, either before or at the time of making the re-contribution. The Australian Taxation Officer (ATO) are currently working through the details of this process and will advise us in due course.

### **Removal of the excess concessional contributions charge**

From 1 July 2021, the excess concessional contributions charge is abolished.

To understand how this interest penalty applied, all contributions exceeding the concessional contributions cap are included in your income tax return as assessable income for the year and are taxed at your marginal tax rate (less a non-refundable 15% tax offset to reflect the tax paid on these contributions within your super fund). An interest charge, known as the 'excess concessional contributions charge', was also applied to this additional income tax liability.

## **DO THESE CHANGES IMPACT ANY PRODUCT DISCLOSURE STATEMENTS (PDSS)?**

Yes, this Update amends the Additional Information Guide (AIG) dated 24 May 2021 for these changes, which forms part of the OneAnswer Frontier Personal Super and Pension PDS dated 24 May 2021. In particular, the following:

- 'Types of Super Contributions' section on page 21 of the AIG
- 'Non-concessional contributions' section on page 24 of the AIG, and
- 'What Are The Tax Consequences of Exceeding the Contributions Caps' section on page 27 of the AIG.

You can obtain a copy of the AIG being updated and PDS, from our website at [onepath.com/superandinvestment](https://onepath.com/superandinvestment) or request a copy free of charge by calling Customer Services.

## **ANY QUESTIONS?**

If you have any questions or require further information, please:

- speak with your financial adviser
- email [customer@onepath.com.au](mailto:customer@onepath.com.au)
- call Customer Services on **133 665**, weekdays between 8.30am and 6.30pm (AEST).

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