

Changes to Superannuation from 1st July 2022

With the end of the 2021/2022 financial year looming, it is timely to let you know about some changes to superannuation rules and requirements due to come into effect for the new financial year.

Removal of the Work Test for Some Contributions for those aged 64 to 74 years.

Under the current rules, if you are aged between 64 to 74 years, to make a non-concessional contribution (NCC), you need to satisfy a work test requiring you to confirm that you have been gainfully employed for at least 30 consecutive days during the financial year that you wish to make the contribution.

From July 1, 2022, NCCs, as well as salary sacrifice contributions can be made until the age of 75 regardless of your employment status. These contributions will still need to be subject to a total superannuation balance (TSB) of \$300,000.

Providing that the TSB balance is not exceeded, the 'bring forward' opportunity can be used to make up three years' worth of NCC in the one year or spread over two or three years.

NOTE: Personal concessional contributions will still be subject to the work test for those aged between 67 to 74 years, requiring gainful employment of at least 40 hours in a consecutive 30-day period at some stage in the year in which the contribution is being made.

Downsizer Contribution

Currently this rule allows anyone over the age of 65 to make a non-concessional contribution to super of up to \$300,000 from the sale of your home (either owned by you or your spouse for more than 10 years). No work test is required and can even be made after age 75.

This rule remains unchanged with the exception that after 1st July 2022, the eligibility age will be lowered to 60 years.

Income Threshold for Super Guarantee (SG) Payment Eligibility Removed

Currently, employers are only required to make SG payments for employees earning more than \$450 per month.

As from 1st July 2022, SG payments must be made for all employees regardless of income. This includes any employee under the age of 18 and working more than 30 hours per week, also regardless of income.

Minimum Pension Drawdown Rates

Due to the negative effects of Covid 19, the government previously reduced the minimum annual payment amounts required for account-based pensions, annuities, and allocated pensions by half for the 2019/20, 2020/21 and 2021/22 financial years.

The government announced earlier this year that the temporary reduced rates will extend now to encompass the 2022/23 financial year, commencing 1st July 2022.

General Advice Warning

The above contains information that is general in nature. It does not take into account the objectives, financial situation or needs of any particular person. You need to consider your financial situation and needs before making any decisions based on this information. Please arrange an appointment to seek personal financial and taxation advice prior to acting on this information.

Either William or Wayne can be contacted directly on the phone number or email address below if you wish to discuss any concerns or issues.

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