

2023 is moving along at a pace and it will be the end of the financial year before we know it. Below are a couple of relevant updates and a few tips to note.

Potential changes to Superannuation announced on the 28 February 2023

The Government announced from 1 July 2025, a 30% concessional tax rate will be applied to future earnings for superannuation balances above \$3 million. **This measure is not yet law.** Further consultation will be undertaken with the superannuation industry and other relevant stakeholders.

These changes have been mooted for some time and some variation of the above measure will become law at some time in the future.

Strategies to manage this change include the following options: -

- 1 Transfer 85% of your new contributions to your spouse at year end to ensure that both of you have access to the maximum concessional superannuation pensions. It is important that you equalise both of your accounts (couples only) to ensure that this measure does not impact your superannuation.
- 2 Once you meet a condition of release (between 60 & 65 years of age), you can withdraw some of your superannuation and re-contribute it to your spouse account. This measure is now effective until your spouse reaches 75 years of age.

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 \$330,000.

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 remained unchanged with the exceptions that after 1st July 2022, the eligibility age was lowered to 60 years.

This rule has been further amended from 1 January 2023; the eligibility age was further lowered to 55 years of age.

Important: There is no maximum age limit for downsizing contributions.

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.

Age Pension Changes from 20 March 2023

From 20 March 2023 the maximum rate of the single age pension will rise by \$37.50 per fortnight (taking the single age pension from \$1026.50 to \$1064) and for couples, by \$56.40 per fortnight (taking their payment from \$1547.60 to \$1604 combined)

Contact US

If you would like further information on any of the above, or if you wish to discuss any aspect of your portfolio or account, please call either William or Wayne at the number below or drop us an email.

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.

PRICE FINANCIAL INTELLIGENCE PTY LTD - ASL: 402367

Ph: 02 9875 2444 • Fax: 02 9481 0594 • PO Box 750, Pennant Hills, NSW 1715 • Unit 11, 1 Central Avenue, Thornleigh NSW 2120 • Website: www.pricefinancial.com.au • Email: info@pricefinancial.com.au