5 SUPER TIPS FOR HIGH INCOME EARNERS

PERPETUAL PRIVATE INSIGHTS

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There's a new set of superannuation rules for higher income Australians. These recent legislative changes affect salary sacrificing, taxation and estate planning.

DON'T GET CAUGHT OUT:

1. If you're salary sacrificing, be aware the concessional (pre-tax) limit has been cut to $25,000 per year. You may need to reduce your level of concessional contributions during the year and make personal deductible contributions before 30 June 2018 to bridge the gap.

2. If your salary (plus bonuses and other incentives) is more than $263,158 per year, and your employer contributes 9.5% of this amount to super, you may breach the concessional contributions cap. Consider negotiating with your employer to reduce its contributions to an amount that would not cause you to exceed your $25,000 cap, and pay the difference as salary.

3. If you have a spouse, you may be able to up your super balances to maximise the combined amount you have in the tax-free retirement phase. Consider splitting the concessional contributions made in 2016/17 with your spouse or cashing out some of your super and recontributing to your spouse (where eligible).

4. The new cap on benefits used to commence retirement phase pensions, along with other changes that took effect on 1 July 2017, may result in a lower (after-tax) benefit you leave behind for your loved ones. Consider reviewing your estate plan, particularly your super pensions and death benefit nominations.

5. The recent changes impact benefits paid from proceeds from insurance held through superannuation. Consider reviewing your insurance held through superannuation, particularly income protection, to ensure these policies remain appropriate to your circumstances.