TIME FOR A SUPER CONVERSATION

PERPETUAL PRIVATE INSIGHTS
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If you earned a dollar for every article about the super changes over the past year, you wouldn't have to worry about your super. You'd have enough to retire on.

With so much coverage on a topic as complex as super, the points that really matter can get lost in translation. Which is a real concern, because some of the changes could catch you out and leave you with a nasty tax bill.

FOUR YOU CAN'T IGNORE

Here are four recent changes to super you need to be aware of:

1. The amount you can contribute to super before-tax (includes salary sacrifice and employer contributions) has dropped from $35k to $25k per annum.
2. The amount you can contribute after-tax has been cut from $180k to $100k per annum.
3. Once your super balance hits $1.6m you can't make any additional after-tax contributions.
4. If your income is between $250k and $300k, you now have to pay an additional 15% tax on concessional contributions on top of the existing 15%.

WHAT THE SUPER CHANGES MEAN FOR YOU

In the short term, the changes mean there's a greater risk of making contributions that exceed the new caps. If you have not reviewed your super strategy and are in breach of the new rules, you may face tax implications.

Over the longer term, the super changes mean you need to plan earlier for your retirement. The new rules restrict the amount of money you can put into super late in life – you need to plan ahead and contribute over the longer term.

WHAT OPTIONS DO YOU HAVE?

If stricter contribution limits affect you, now is the time to speak to an expert who can help you implement the tax and super strategy suited to your individual circumstances.

Here are two options you may want to consider:

1. **Utilising the 'bring-forward' rule to expedite your super contributions**
   If you are under the age of 65 and have less than $1.5m in super, you may be able to bring-forward up to three years' worth of non-concessional contributions into your super. So instead of contributing a maximum of $100,000 in one year, you may be able to bring forward your contributions for the next few years and invest up to $300,000 into your super. That's $300,000 which will be taxed at a maximum of 15 cents in the dollar, rather than the marginal rate of up to 47 cents in the dollar.

2. **Putting your surplus income in alternative investment structures such as a family discretionary trust or insurance and investment bonds**
   These two structures are back in vogue. Whilst not as tax effective as super they may be the next best thing. Also, they can be more flexible than super for people who wish to access their money before their superannuation preservation age.