

# Superannuation Changes 2016



Topic	Existing Rules	May 2016 Budget	15 September 2016 announcement
Retirement account cap - \$1.6m (accumulation and pension)	No cap	<b>Where an individual more than \$1.6m, they will be able to maintain this excess amount in an accumulation phase account</b> (where earnings will be taxed at the existing concessional rate of 15%).	No change from May 2016 Budget proposal
Retirement account cap - \$1.6m indexed	No cap	<b>The \$1.6m cap will be indexed in \$100,000 increments in line with CPI.</b>	No change from May 2016 Budget proposal
\$1.6m balance threshold for non concessional contributions	No cap	<b>Individuals with total superannuation balances of more than \$1.6m will no longer be eligible to make non concessional contributions from 1 July 2017.</b>	No change from May 2016 Budget proposal
\$500,000 lifetime cap on non-concessional contributions	No cap	A \$500,000 lifetime non concessional contributions cap. The lifetime cap will take into account all non-concessional contributions made on or after 1 July 2007	<b>Will not proceed</b>
Non concessional contribution cap	Individuals can make non-concessional contributions up to \$180,000pa (6 x concessional contribution cap)	\$500,000 lifetime cap (as above)	<b>From 1 July 2017</b> , individuals can make non-concessional contributions up to <b>\$100,000pa</b> (4 x concessional contribution cap)
Non concessional contribution cap – 3 year bring forward rule	Individuals under age 65 will still be able to use the 3-year "bring forward" rule for non concessional contributions i.e. <b>\$540,000</b> over a three year period.	\$500,000 lifetime cap (as above)	Individuals under age 65 will still be able to use the 3-year "bring forward" rule <b>from 1 July 2017</b> for non concessional contributions i.e. <b>\$300,000</b> over a 3-year period. <b>\$540,000 limit</b> continues to apply <b>until 30 June 2017</b> .

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Work test for making non concessional contributions between ages 65-74	Individuals aged between 65 and 74 will be eligible to make annual non concessional contributions of \$180,000 if they meet the work test (that is they work 40 hours within a 30 day period each income year), but will not be able to access the bring forward of contributions.	To be removed	<b>Works test to remain.</b>  Individuals aged between 65 and 74 will be eligible to make annual non concessional contributions of <b>\$100,000</b> if they meet the work test
Tax deductible cap (concessional contributions)	\$35,000 for 49+ \$30,000 for those under age 49	<b>\$25,000 cap from 1 July 2017</b>	No change from May 2016 Budget proposal
Personal tax deductible superannuation contributions	Currently, an income tax deduction for personal superannuation contributions is <b>only</b> available to people who earn less than 10 per cent of their income from salary or wages	<b>From 1 July 2017, the Government will allow all Australians under 75 who make personal contributions (including those aged 65 to 74 who meet the work test) to claim an income tax deduction for any personal superannuation contribution into an eligible superannuation fund.</b>	No change from May 2016 Budget proposal