



**SYMES  
ACCOUNTANTS**  
BUSINESS & PERSONAL ADVISORS

WINTER NEWS  
August 2019



# ***In Super Shape***

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## Message from the Directors

Superannuation. An investment we all want to love, but can often be tricky to navigate. This financial year brings the beginning of several changes to superannuation and we have highlighted a few within.

*Have you started to really think about your retirement funds?*

*Is your current balance and projected balance where you hoped it would be?*

*Not sure if an SMSF is the right decision for you?*

*Concerned your current investment strategies aren't providing you maximum return?*

*Feeling unsure that you're meeting tricky compliance regulations?*

If any of these questions resonate with you, then it's time you came in for a chat with our team. As the SMSF world becomes more complex with increasing regulations and costly fines, we're here to help you navigate your way through it all. Don't feel like you need to struggle solo!!

Our goal at Symes Accountants is to help you maximise your retirement savings, while remaining compliant within the regulations. More often than not, you have set up your SMSF to provide greater control over your investments. By having visibility of both your superannuation and wider financial affairs, we can work collaboratively with your financial planner and lawyers. Symes is here to provide you with comprehensive and quality advice throughout all stages of your SMSF.



### DIRECTORS

Peter Caddy  
Hans van Heuven  
Stephen Arthur

# NEW RULES in 2019



### 1. Removal of the work test in first year of retirement for individuals 65-74

For those who are aged between 65 and 74 and in their first year of retirement, this financial year brings more time to boost your retirement savings. Provided you have less than \$300,000 in your super account at the end of the previous financial year, you can now make voluntary contributions into your super without needing to satisfy the Work Test (working 40 hours over 30 consecutive days).

### 2. Carry-forward commences for concessional contributions

With limitations to the amount you can contribute to your super, a 'carry-forward' allowance has been introduced. If your super balance is less than \$500,000 on 30 June of the previous year, you can now contribute more than the \$25,000 concessional contribution limit by carrying-forward the unused portion of your cap over a period of five years.

*For example, if your concessional contributions in 2018-19 were \$10,000, you would then have an additional \$15,000 you can contribute in 2019-20 (\$15,000 + \$25,000 = \$40,000). Alternatively you could use it over a period of five years.*

### 3. Increase to SMSF member numbers

Commencing 1 July 2019, the maximum number of members permitted in a SMSF has increased from four to six. This gives larger families the ability to establish a SMSF together, potential for consolidation of assets and increase the fund's income through a larger contribution limit. It's important to consider your own circumstances when considering increasing the member numbers of your fund.



### EXIT FEES ON INDUSTRY FUNDS HAVE BEEN ABOLISHED!

You can now switch between superfunds without paying any exit fees. If you've been on the fence, now is the perfect time to roll your industry fund into your SMSF.





## Background knowledge provides greater longevity

Research from the medical industry shows that having the same GP throughout your life can help you live longer.<sup>i</sup> Continuity of care means clients feel more comfortable opening up and discussing problems and Doctors can accumulate knowledge over time. Therefore they are more knowledgeable and able to shape advice and the next direction for clients on an individual level. Prevention and early detection of problems play a vital role in their overall care plan.

What if having the same accountant throughout the life of your SMSF ensured it was sustainable for longer? Having a long relationship with your accountant means not having to continually repeat your financial history and risking important financial information being lost in translation.

At Symes Accountants we understand you want more than just compliance support. We're here to help your SMSF last through the generations. Compliance and longevity go hand in hand and **both** are equally as important as each other.

We know your current taxation position, your family succession plans, your investment strategies, your financial history. Your financial 'care plan' is therefore tailored to you individually and we are able to provide you with better, quicker and more accurate advice. As your local accountant we're available for you to pop into the office and chat to us about your financial future at anytime. <sup>i</sup> <https://bmjopen.bmj.com/content/8/5/e021161>

## When can I access my Super?

The government sets a 'preservation age' which limits when you can start accessing your superannuation funds based upon your date of birth. Once you have reached your preservation age and have retired from the workforce (or are aged 65), you then have access to your super.

However if you do access your super prior to turning 60, you may be required to pay tax on the amounts you receive.

If you have reached your preservation age but still want or need to continue working, you can establish a 'transition to retirement' strategy which provides a gradual move to full retirement and allows you to access your super to supplement your income.

*Everyone's retirement financial circumstances and plans are different. Chat to us about finding the best strategy for you and your family.*

DATE OF BIRTH	PRESERVATION AGE
Before 1 July 1960	55
Between 1 July 1960 - 30 June 1961	56
Between 1 July 1961 - 30 June 1962	57
Between 1 July 1962 - 30 June 1963	58
Between 1 July 1963 - 30 June 1964	59
On, or after 1 July 1964	60



## Concessional Contributions : what are the limitations on contributing to your Super?

Contributions which are made into your super before-tax, including payments by employers (including the 9.5% superannuation guarantee), salary sacrifice payments and personal contributions are called **CONCESSIONAL CONTRIBUTIONS**. These contributions are taxed at 15% once received by your super fund.

There are strict limits on the amount of concessional contributions which can be made in your super each financial year. If you exceed the cap you may need to pay additional tax. The **concessional contribution cap for 2019-20 is \$25,000** for people of any age.

### TIPS FOR KEEPING UNDER THE CONCESSIONAL CONTRIBUTIONS CAP:

- be aware of what your concessional contribution cap is
- keep track of all contributions being made into your super, including personal and all employer contributions
- know your total super balance and your taxation circumstances

**NON-CONCESSIONAL CONTRIBUTIONS** are those made into your super after-tax, and therefore also have limits on the amount you can contribute. For **2019-20 the non-concessional contributions cap is \$100,000** per financial year.

*To find out more about concessional or non-concessional contributions, chat to our team today. We're here to help you make the most of your income and maximise your retirement nest egg.*



DEATH BENEFIT DEPENDANT	
SUPERANNUATION LAW	
<ul style="list-style-type: none"> <li>• Spouse or de facto spouse of deceased</li> <li>• Child of deceased (any age)</li> <li>• Someone in an interdependency relationship with the deceased</li> </ul>	
TAXATION LAW	
<ul style="list-style-type: none"> <li>• Spouse or de facto spouse of deceased</li> <li>• Former spouse or de facto spouse of deceased</li> <li>• Child of deceased (under 18 years only)</li> <li>• Someone in an interdependency relationship with the deceased</li> <li>• Someone financially dependant on the deceased</li> </ul>	

## The deeds on SMSF estate planning

When setting up and planning your SMSF, crucial consideration must be taken to plan for the loss of a member. The most important consideration will be **who** do you want to *control* the fund upon the loss of your capacity or death.

A common misconception is that when a person dies, their executor automatically becomes a trustee in the deceased's place. Unfortunately not. The identity of a trustee upon death is determined by a SMSF deed which has appropriately distributed the power to appoint a trustee upon death or loss of capacity.

### What are the critical issues to consider when estate planning within your SMSF?

- ensure there is a death benefit nomination in place
- crucially ensure the trust deed is accurate and up to date
- ensure wills and enduring power of attorney (EPOA) are consistent with the SMSF

The overall structure of your SMSF is also important. Has the fund been set up under a corporate or individual trustee structure? Corporate trustee structures allow greater flexibility for estate planning. The indefinite lifespan of a company makes succession planning more seamless.

### How are super death benefits taxed?

Upon the death of a member, the super death benefit (SDB) will be paid out to a dependant either as a lump sum or as an income stream. Under superannuation and taxation law, the term 'dependant' is different, as outlined in the table above.

If the beneficiary is a non-tax dependant who receives a lump sum SDB, the taxable component will be subject to 17% tax (employer, personal and salary sacrificed contributions), whilst the untaxed component will be subject to 32% tax. Both of these include the Medicare Levy which is payable where the SDB is paid as a lump sum.

It's worth considering the financial position of the beneficiary when deciding on payment of the SDB as it could result in different financial outcomes for the beneficiary. If, for example, the SDB is paid as a lump sum to a non-tax dependant (eg adult child), they would need to declare this money as additional taxable income in their tax return for that year. Alternatively if the SDB is paid as an income stream from the deceased's estate, the estate will be responsible for paying the tax.

*For a review of your SMSF estate planning strategies and to find out more about death benefit taxes, contact our team today.*



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